

. A risk assessment report:

Risk Monitoring Policies and Procedures

1. Definition and identification of risks:

The activities of real estate investment funds shall be reviewed to determine the risks associated with the Fund to protect the interests of the company and investors, and the Fund's activities shall be reviewed in relation to the business risks of the Fund Manager, financial risks, market risks, operational risks and compliance risks, to name a few.

Business risks for the Fund Manager: These are the risks specific to the nature and activities of the investment carried out by the Fund Manager.

Financial risks: These are the risks related to the financial management of the Fund, which includes the facilities provided, if any, and the payments and their entitlement, in addition to the administrative fees of the Fund Manager and their adequacy, and distributions to unit holders, if any.

Market risks: These are the risks related to all aspects that affect the financial performance of the fund, and which are related to the risks of changing the prices of profit rates in the event of financing, in addition to the mechanism for evaluating the property, and the risks of competitors that could lead to a decrease in the revenues and cash flows of the fund.

Operational risks are the specific risks related to the fund management mechanism by the Fund Manager, which leads to a negative impact on the Fund's performance.

Compliance risks are the risks specific to the laws and regulations of the legislatures, which shall be adhered to and implemented in all cases and in the event of changes to those regulations or the issuance of other relevant regulations.

2. Risk assessment and its measurement mechanism

The inherent risks of real estate funds and their potential relative importance shall be assessed, in addition to identifying and testing a methodology for their measurement. The risks associated with the Fund's business shall be included, as mentioned in the terms and conditions memorandum and the possibility of their occurrence and their impact on the company in general and on the Fund's performance in particular.

3. Monitoring Mechanism Risk Control

The extent and limits of the risk appetite associated with the Fund's business are determined, and special reports shall be prepared to ensure the monitoring mechanism, levels of exposure to risks, and the mechanism for controlling them.

4. Risk review and treatment

One of the following strategies shall be used to review and treat risks.

Avoiding risks: In the event that the Fund is unable to bear the risks, or these risks may be considered a violation of the established laws and regulations.

Risk Mitigation: It is the mechanism that shall be followed for the accepted risks due to the nature of the operations of the Fund, which the Fund acknowledges its existence and considers inherent risks, which may need to develop a mechanism to manage those risks.

Transferring risks: and transferring them to other parties, through insurance products or outsourcing, for example, but not limited to such.

Acceptance of risks: The Fund shall adopt an approach to accepting some risks based on their classification, and the Fund Manager may choose several controls to reduce the current risks or maintain similar risk levels that are subject to constant monitoring.

The following is an assessment of the Fund's risks, which were discussed in the Fund's Terms and Conditions Memorandum, the likelihood of its occurrence, and the mechanism for evaluating the specific risks.

No.	Type of Risk	Description of the Risks	Possibility of its Occurrence			Risk Assessment Mechanism
			High	Middle	Low	
			A. Risks Related to the Fund:			
1	Risks of the fund assets being concentrated in the Commercial Centers Sector	When the Fund is established, the Fund's investments was concentrated in the Commercial Centers Sector by owning three real estate assets and one leasehold contract, consists of commercial complexes. As a result, the Fund's revenues and net income depends on the demand for commercial spaces in the cities where those assets are located in the Retail Real Estate Sector. Any drop in the level of demand for commercial space in general may affect the Fund's performance and the value of its units more than if the Fund's investments were in real estate assets Diversified over different sectors.		✓		Alinma Investment Company is working to investigate and anticipate the investment feasibility of the Fund by analyzing the economic situation and the target market, as well as the aptness of the Fund in achieving its investment objectives Concentrating the Fund's assets in one sector would focus all the working parties on the specific sector, and the appointment of service providers would be according to their specialization in the sector, the most important of which is the

					Property and Leasing Manager, which is one of the companies specialized in the Commercial Centers Sector.
2	Risks of increasing the capital of the Fund	In the event that the necessary approvals are granted to increase the capital of the Fund through the issuance of new units, whether in exchange for contributions in-kind or cash, the issuance of these new units shall lead to a reduction in the relative shares of the unit holders at that time to some extent, unless the unit holders exercise their rights at that time in the priority rights of the units, and the capital increase may negatively affect the value of the units, which shall negatively affect the investments of unit holders who do not exercise the right of priority to participate in the capital increase.		✓	Alinma Investment Company is working on evaluating the most appropriate structure for the Fund's capital to achieve the maximum interest of the Fund's unit holders, this will be clarified in the Fund's Terms and Conditions.
3	Risks of not achieving returns on investment	There shall be no guarantee that the operating business of the Fund's assets shall be profitable, or that the Fund shall succeed in avoiding losses, and the Fund shall generally not have any		✓	Alinma Investment Company works to investigate and anticipate the investment feasibility of the Fund by analyzing

		<p>source of funds from which to pay distributions to unit holders other than returns from rents and capital returns that may come from operating Fund assets or selling some or all of its assets. Therefore, there is no guarantee that the Fund will achieve returns on the investments of the unit holders in the Fund and that the investors in the Fund may lose all or some of their capital invested in the Fund.</p>			<p>the economic condition and the target market and the appropriateness of the Fund's ability to achieve its investment objectives. The Fund Manager shall also review market conditions and new data in order to make decisions that are in the interest of unit holders.</p>
4	<p>Risks of hiring a replacement Fund Manager</p>	<p>After the approval of the unit holders, the approval of the Capital Market Authority was issued on 25/02/1443 AH, corresponding to 30/11/2021 AD, to remove the previous Fund Manager and appoint Alinma Investment Company as an alternative Fund Manager. The replacement Fund Manager may face difficulty in making some decisions due to the lack of all the previous information or the inaccuracy of the information and data provided by the previous manager, which may affect his ability to make a decision regarding the Fund Management. Also, the</p>		✓	<p>During the period of transfer of responsibilities , the previous Fund Manager handed over the contracts and agreements related to the Fund to the current Fund Manager, who in turn would analyze the data related to the Fund to build a strategy to deal with the fund operation in order to achieve the Fund's investment objectives.</p>

		replacement Fund Manager shall not be held responsible for the decisions made until the date of removal of the previous Fund Manager.			
B. Risks related to the Fund's Assets					
1	General real estate investment risks	The return on real estate investments is subject to many interrelated factors, including adverse changes in local, regional, or international economic conditions, adverse conditions in the local market, financial conditions of real estate tenants, buyers and sellers, changes in operating expenses, and changes in laws, regulations, and financial policies, changes in the relative appetite of different types and locations of real estate, non-insurable losses, and other factors beyond the scope of control of the Fund Manager. Any of these factors may contribute to causing material risks that negatively affect the value of the Fund's assets and the Fund's ability to generate any returns on its investments.		✓	Alinma Investment Company is valuating the investment feasibility of the Fund assets by analyzing the economic conditions and of the target market, as well as the Fund's ability to achieve its investment objectives. The Fund Manager is also working on appointing a company specialized in property management and leasing, which shall stimulate the operation of the assets owned by the Fund in the best possible conditions.
2	Risks of challenging the	The real estate assets acquired by the Fund may be		✓	With regard to the assets currently

	Fund's ownership of real estate assets	subject to any legal disputes related to the ownership of these assets, which in turn may weaken the Fund's ability to dispose of or transfer real estate assets in a manner free of mortgage and restrictions, and in some cases may cause the Fund to lose ownership of the real estate assets that it believed that it had acquired legally. In addition, these disputes and disagreements over ownership may materially affect the value of the real estate assets, and, thus the value of the units in the Fund.			acquired by the Fund, a sufficient period has passed since their acquisition. Thus, it is anticipated that the risk is considered low to the existence of mortgages, restrictions, conflicts, or disputes over the ownership of assets. The Fund Manager shall also appoint a specialized legal office to investigate the ownership of assets by specialized legal authorities and to ensure that they represent the full rights of disposal and do not have any mortgage, right, or appeal that has not been disclosed.
3	Risks of competitive nature in the Retail and Commercial	Some of the initial real estate assets are located in highly competitive areas of the Retail Sector in general and the Mall Sector in particular. In addition, it is possible to		✓	Alinma Investment Company is valuating the investment feasibility of the Fund assets by

	Centers Sectors in the Kingdom	open and establish commercial centers located near the real estate assets in which the Fund is invested, which leads to the creation of direct competition with real estate assets. In light of this, the returns of real estate assets and their market value shall depend on the ability of real estate assets to attract tenants compared to other competitors. Consequently, the success of other competitors in attracting and retaining tenants may affect the returns of the real estate assets of the Fund, which shall have a material negative impact on the Fund, its financial position, cash flows, and operating results.			analyzing the economic conditions, the target market, and the aptness of the Fund's ability in achieving its investment objectives. The Fund Manager is also working on appointing a company specialized in property management and leasing, which shall stimulate the operation of the assets owned by the Fund in the best possible conditions.
4	The risk of the fact that the future rental income of the Fund shall depend on its ability to attract and retain suitable tenants and its effective management of real estate assets	There is no guarantee that the Fund shall be able to attract and retain suitable tenants under the terms and conditions it seeks. Moreover, the financial stability of the tenants may affect the financial performance of the Fund. Also, the financial stability of the tenants may change over time as a result of factors directly related to the		✓	Alinma Investment Company is valuating the investment feasibility of the Fund assets by analyzing the economic situation, the target market, and the aptness of the Fund's ability in achieving its investment objectives.

		<p>tenants or the overall economy of the Kingdom, which may affect their ability to pay rent. In addition, the Fund may incur costs related to maintaining existing tenants and attracting new tenants, and the costs and time required to enforce the rights under the lease agreement with the defaulting tenant, including eviction and leaseback costs, which may be significant. Failure to attract and retain suitable tenants could have a material adverse effect on the Fund's business, financial position, cash flows, and operating results. It may also negatively affect the value of real estate assets.</p> <p>In the event that some or all of the main tenants decide not to continue or not to renew their lease contracts, this may lead to the vacancy of rental spaces that may be large in real estate assets, which may delay finding an alternative tenant to occupy those spaces quickly. Consequently, termination or non-renewal of the</p>			<p>The Fund Manager is also working on appointing a company specialized in property management and leasing, which shall stimulate the operation of the assets owned by the Fund in the best possible conditions.</p>
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		contracts of any of the major tenants may adversely affect the financial position, cash flow, and operating results. It may also negatively affect the value of real estate assets.			
5	Risks of not ensuring that rental rates will be maintained at the prevailing market rates	The rental prices of real estate assets depend on several factors, including but not limited to, prevailing supply and demand conditions and the quality and design of real estate assets. There is no guarantee that the Fund Manager (through the property manager) shall be able to secure new lease contracts or renew the existing ones according to the prevailing rental rates. Therefore, the failure of the Fund Manager (through the property manager) to secure this may have a material negative impact on the Fund's business, financial position and operating results.		✓	Alinma Investment Company is valuating the investment feasibility of the Fund assets by analyzing the economic condition, the target market, and the aptness of the Fund's ability in achieving its investment objectives. The Fund Manager is also working on appointing a company specialized in property management and leasing, which shall stimulate the operation of the assets owned by the Fund in the best possible conditions.

6	<p>The risk that the Fund may be subject to some fixed costs that shall not decrease with declining revenues</p>	<p>The rents and operating income that shall be returned to the fund may decrease as a result of various negative changes affecting the real estate assets or tenants of the fund. It should be noted that some of the Fund's main expenses, including management fees, maintenance costs and operational costs of the real estate assets, shall not be reduced due to the decline in revenues. Thus, if rents and operating income decrease while costs remain the same, the revenue of the Fund and the funds available for distribution to unit holders may decrease.</p>		✓	<p>The Fund Manager is working to ensure that the fees are a variable percentage of the revenues, so that in the event of a decrease in rents (if any), the fees shall decrease as well.</p> <p>Since it is expected that part of the costs is a fixed costs, they shall be reviewed periodically to take the necessary decision in the interest of the unit owners.</p>
7	<p>The risks of the Fund's dependence on significant operational support from the property manager</p>	<p>The real estate assets shall be managed by the retail real estate company in accordance with a real estate management and operation agreement signed between the Fund Manager and the retail real estate company. The delay or failure of the retail real estate company to meet its obligations, including the maintenance of real estate assets, may have a material adverse effect on the Fund's business, financial</p>		✓	<p>The Fund Manager shall periodically evaluate the companies that provide essential services to the Fund and present this evaluation to the Fund's Board of Directors.</p>

		condition and operating results.			
8	Risks of negative impact of lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	All necessary regulatory approvals and licenses shall be obtained for it to operate. All regulatory approvals relevant to real estate assets cannot be guaranteed or required to be obtained in a timely manner. Furthermore, a violation of the terms of any such regulatory approvals may result in revocation, withdrawal, suspension, or the imposition of financial penalties by the relevant regulatory authorities. In addition, any amendments to existing laws and regulations may impose unforeseen and more costly requirements such that the Fund's compliance with such laws or regulations shall result in significant capital expenditures or other obligations or liabilities, which may have a material adverse effect on the Fund's business, financial condition, and inflows, cash, and operating results.		✓	The appointment of a company that specializes in property management and leasing business would mitigate the risks related to regulatory issues given the property manager's expertise in managing assets similar to those owned by the Fund.
9	Financing risk	It is possible for the Fund to obtain bank financing to finance the development of its assets, and resorting to	✓		Alinma Investment Company is working on studying the most

		<p>financing shall provide an opportunity to increase income, but at the same time it involves a high degree of risk, and may expose the Fund and its investments to other factors, such as the high cost of financing, and the cost of financing may increase when the Fund obtains it in the event of an increase in the prices of financing profits, which shall negatively affect its performance. Moreover, the assets of the Fund may be mortgaged to donors for financing, and financing contracts and others may be signed between the Fund Manager and the financing bank. The financing bank may claim the assets in the event of any default from the Fund, which shall also depend on the terms of that financing.</p>			<p>appropriate structure for the Fund's capital to achieve the maximum interest of the Fund's unit owners, and this is clarified in the Fund's Terms and Conditions.</p>
10	Risks of investing in money market funds	<p>This is all the risks similar to the risks of investing in money market funds licensed by the Capital Market Authority that may be exposed to other investment funds in which the Fund may invest, which is the failure of any debtor to the IMF to fulfill its contractual obligations with</p>			<p>✓ The Fund Manager is working to invest cash surpluses in low-risk products, provided that the returns of those funds and the risks associated with them are reviewed, bearing in mind</p>

		<p>the agreed party, which may cause the Fund to lose in entirety or part of the amount invested in these transactions, which in turn may adversely affect the performance of the Fund. Consequently, the value of the unit shall decrease. There shall be no guarantee that the development, operation, and sale of the Fund's assets shall generate the profits targeted by the Fund Manager, that the Fund shall succeed in avoiding losses, or that the cash resulting from its operations shall be available for distribution to unit owners. The Fund shall also not have any source of funds from which to pay distributions to unit holders other than rental and capital returns that may come from the rental and sale of the Fund's assets. In addition, the Fund Manager's making any distributions to unit holders may be restricted by conditions imposed by the financing bank.</p>		<p>that the amounts invested in money market funds are immaterial compared to the size of the Fund's assets.</p> <p>Investment returns in money market funds shall also be included in the periodic reports of the unit holders and the Fund's financial statements.</p>
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