

## Risk Assessment Report:

### Risk Monitoring Policies and Procedures

#### 1- Definition and Identification of Risks

The activities of real estate investment funds are reviewed to determine the risks associated with the fund to protect the interests of the company and the investors. The fund's activities are reviewed in relation to the fund manager's business risks, financial risks, market risks, operational risks, and commitment risks, to name a few.

**Business risks for the fund manager:** These are the risks related to the nature and business of the investment carried out by the fund manager.

**Financial risks:** These are the risks related to the fund's financial management, which includes the facilities provided, if any, 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 special risks related to all aspects that affect the financial performance of the Fund, which are related to the risks of changing the prices of profit rates in the event of financing, in addition to the real estate evaluation mechanism, and the risks of competitors that may lead to a decrease in the Fund's revenues and cash flows.

**Operational risks:** These are the special risks related to the fund's management mechanism by the fund manager, which leads to a negative impact on the fund's performance.

**Compliance risks:** These are the risks related to the laws and regulations of the legislating bodies, 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 are evaluated, in addition to defining and testing a methodology for measuring them. The risks associated with the fund's business are included as mentioned in the memorandum of terms and conditions and the possibility of their occurrence and impact on the company in a comprehensive manner and on the performance of the fund in particular.

#### 3- Monitoring mechanism to control risks

The extent to which risks associated with the Fund's business are accepted and their limits are determined, and special reports are prepared that include the monitoring mechanism, the levels of risk exposure, and the mechanism for controlling them.

#### 4- Reviewing and remedying risks

One of the following strategies is used to review and treat the risks

**Avoiding risks:** in the event that the fund is unable to bear the risks, or if these risks may be considered a violation of the laws and regulations set.

**Risk mitigation:** this is the mechanism that is followed for accepted risks due to the nature of the Fund's operations, which the Fund acknowledges its existence and is considered an "inherent risk", which may need to develop a mechanism to manage those risks.

**Risk transfer and transferring them to other parties:** This is through insurance products or outsourcing, for example, but not limited to.

**Acceptance of risks:** The fund adopts 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 memorandum of terms and conditions of the fund, the possibility of its occurrence, and the mechanism for evaluating the specific risks

NO.	Risk type	Risk description	Probability of occurrence			Risk assessment mechanism
			High	Medium	Low	
<b>A. Risks related to the fund and its assets:</b>						
1	Risks of concentrating the Fund's investments in the commercial centers sector	Upon the fund's inception, the fund's investments are concentrated in the retail sector through owning three real estate assets and one usufruct contract consisting of commercial complexes. As a result, the fund's revenue and net income are related to the demand for commercial spaces in the cities where those assets are located. Any decline in the level of demand for commercial spaces in general in those cities may affect the fund's performance and the value of its units more than if the fund's investments were in real estate assets distributed over different sectors.		✓		The concentration of the Fund's assets in one sector poses an existing risk to the Fund, but this concentration would focus all parties operating in the Fund on the sector in terms of analysis, forecasting, and unifying the strategy. It also enabled the Fund to appoint a property and leasing manager specialized in the specific sector. Alinma Investment Co. also works to investigate and anticipate the risks surrounding the fund's investment and work to avoid or reduce them in order to achieve the highest possible positive results.
2	Risks of not having a previous operating history of the fund	The fund was newly established without a previous operating history that enables potential investors to predict the future performance of the fund. Also, the previous results of similar funds or the previous performance of the real estate assets subject to the fund's acquisition are not necessarily indicative of the fund's future performance. Thus, the newness of the fund's inception may adversely affect the fund manager's expectations and, consequently, the unit returns				The risks of the aforementioned paragraph have decreased due to the fact that the fund currently has an operational past for several years, and the current fund manager has extensive experience in managing investment funds and will strive to ensure that the future results are similar to what is mentioned in the fund's updated reports.
3	Risks of relying on key personnel of the fund manager	The fund will depend on the management and consulting services provided by the fund manager's staff. It may be difficult to replace some key personnel, especially in the fund manager's senior management. In the event that one of these employees leaves work and the fund manager is unable to find a suitable replacement for him/her, the performance of the fund's business may be negatively affected.			✓	The fund manager is a well-versed financial company in the scope of work of the funds with the presence of a distinguished professional team. In the event that the situation calls for replacing the fund management team, the fund manager is able to attract a management team for the fund with the same competence and ability, in a manner that does not affect the functioning of the fund.
4	Liquidity risk	Investors usually hold on to their investments and rely on accrued returns on invested capital. However, in other cases, some investors want to liquidate their investments depending on many factors, including the revenues and			✓	The public fund has higher liquidity than the private fund, and among the highest public funds is the liquidity of traded funds. Units of Alinma Retail REIT Fund are traded in the Main Market (TASI).

		value of real estate assets, the general performance of the fund, and similar investment tools. Since the amount of liquidity for the units of real estate investment traded funds may be less than that of the shares of traded companies, it is likely that the investor in the fund's units will face difficulty in exiting and liquidating its units in the fund at the price offered by that investor, which may lead to the investor's exit from the fund at a value less than the market value of the Fund's assets.				
5	Risk of trading at a price below market value	Unit trading may be exposed to factors that lead to fluctuations in their value, including factors that may negatively affect local and global stock markets, prevailing and expected economic conditions, interest rates, financing costs, investor trends, general economic conditions, and large sales of the Fund's units. Accordingly, the purchase of units is appropriate only for investors who can bear the risks associated with these investments, especially since this may lead to the difficulty of the investor's exit from the fund or its exit at a value less than the fair value of the fund's assets.		✓		The fund manager fulfills the statutory requirements related to disclosure and publishing reports and financial statements, which enables the investor to study the current situation of the fund and anticipate the future performance of the fund.
6	Risks of increasing the fund's capital	In the event that the fund manager decides with the unit holders to increase the fund's capital by issuing new units, whether in exchange for in-kind or cash subscriptions, this will lead to a reduction in the relative shares of the unit holders in the fund at that time, in the event that the fund's capital is increased by issuing new units in exchange for in-kind subscriptions, and in the event that the fund's capital is increased through the issuance of new units in exchange for cash subscriptions, this may lead to a reduction in the relative shares of the unit holders in the fund at that time to some extent, unless the unit holders at that time exercise their rights to subscribe to the new units. The capital increase may negatively affect the value of the units, which will negatively affect the investments of the unit holders.			✓	Alinma Investment Co. is working on studying the most appropriate structure for the fund's capital in order to achieve the maximum interest of the fund's unit-holders. The reasons for increasing the capital and its objectives are explained in a good way, which enables the unit holders to study the subscription or not.
7	Risks of not achieving returns on investment	There will be no guarantee that the operation of the Fund's assets will be profitable, or that the Fund will succeed in avoiding losses. The Fund, in general, will not have any source of Funds from which to pay dividends to unitholders other than returns from leases and capital returns that may come from the sale of some or all of the assets. Therefore, there is no guarantee that the Fund will achieve returns		✓		The fund manager shall investigate and predict the investment feasibility of the Fund by analyzing the economic situation, the target market, and the suitability of the Fund's assets to achieve its investment objectives. The Fund manager shall also review market conditions and new data to make decisions that are in the interest of the unitholders.

		on the unitholders' investments in the Fund and that investors in the Fund may lose all or some of their capital invested in the Fund.			
8	Conflict of interest risks	Cases may arise in which the interests of the Fund, the Fund Manager or members of the Fund Board of Directors conflict with the related parties or with the Fund, which may negatively affect the Fund's investments, returns and Appropriations.		✓	The Fund Manager shall ensure that there are no cases of conflict of interest, and if there are cases, these cases shall be dealt with in accordance with the internal regulations of the Fund Manager, which include statutory obligations and necessary disclosures regarding cases of conflict of interest and best practices.
9	Risks of appointing an alternate's Fund manager	A decision was issued by the unitholders and the Capital Market Authority on 30/11/2021 to dismiss the former Fund manager and appoint Alinma Investment Company as an alternate's Fund manager. The alternate's Fund manager may face difficulty in taking some decisions due to the lack of all the previous information or the inaccuracy and inadequacy of the information, data and documents provided by the previous Fund manager, which may affect the ability to make a decision regarding Fund management. The alternate's Fund manager shall not be responsible for the decisions or actions taken from the date of the Fund's incorporation until the date of dismissal of the previous Fund manager and the resulting risks or losses.		✓	The former Fund manager worked during the transfer of duties to hand over contracts and agreements related to the Fund to the current Fund manager, who in turn will analyze the data related to the Fund and build a strategy that seeks to achieve the investment objectives of the Fund.
10	General risks of real estate investment	Return on real estate investments shall be subjected to many interrelated factors, including adverse changes in local, regional, or international economic conditions, adverse conditions in the local market, financial conditions of lessees, buyers, and sellers of real estate, changes in operating expenses, environmental laws and regulations, government laws and financial policies, energy prices, changes in the relative demand for different types and locations of real estate, risks resulting from dependence on cash flows, and operational problems and risks. In addition to force majeure, uninsurable losses and other factors beyond the control of the Fund manager. Any of these factors may contribute to material risks that adversely affect the value of the Fund's assets and the Fund's ability to generate any returns on its investments.		✓	Alinma Investment Company shall investigate and anticipate the investment feasibility of the Fund through analyzing the economic situation, the target market, and the suitability of the Fund's assets to achieve its investment objectives. The Fund manager shall also appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the Fund in the best possible conditions.
11	The risks of fluctuations in the value of real estate and lack of liquidity	Real estate shall be deemed a category of assets with low liquidity, and the degree of its liquidity fluctuates according to the demand and desire for this type of investment. If the Fund needs to liquidate its real estate investments or part of these investments at an		✓	The Fund manager shall ensure that the acquisition process takes place based on a study of its investment feasibility and such a study shall be attractive in terms of location, return and value, which makes

		inappropriate time, the sale price may be less than the book value. Consequently, any delay or difficulty that the Fund may encounter in disposing of its assets may negatively and significantly affect the return obtained by the unitholders.			the study more liquid than its counterparts.
12	Risks of the possibility of appealing the Fund's ownership of real estate assets	The integrity of the title deeds shall not necessarily represent the full rights to dispose of the property and may be subject to appeal. Therefore, the real estate assets acquired by the Fund may be subject to any legal disputes related to the property of those assets, which in turn may weaken the Fund's ability to dispose of or transfer real estate assets free of mortgage and restrictions. In some cases, this may cause the fund to lose property of the real estate assets to be legally acquired.  In addition, these disputes over ownership may substantially affect the value of real estate assets, and thus the value of the units in the Fund.		✓	With regard to the assets currently acquired from the fund, a sufficient term has passed since its acquisition to expect that the risk is low by mortgages, restrictions, or disputes over the property of the assets.  The Fund manager shall also appoint a specialized legal office to investigate the property of the assets by specialized legal authorities and to ensure that they represent the full disposal rights and that they do not have any mortgage, right or appeal that has not been disclosed. In addition, the real estate purchase contracts include the seller's commitment that the real estate be free from the aforementioned risks.
13	Risks of the competitive nature in the retail and commercial centers sectors in the Kingdom	Some of the initial real estate assets are located in highly competitive areas in the retail sector in general and in the commercial sector in particular. In addition, commercial centers located directly near the real estate assets may be developed and established, which leads to the creation of direct bidding with the real estate assets. In light of this, the returns of real estate assets and their market value will depend on the ability of real estate assets to compete for lessees with other bidders. Thus, the success of other bidders in attracting and retaining lessees may affect the returns of the Fund's real estate assets, which will have a material negative impact on the Fund's business, financial position, cash flows and operating results.		✓	Alinma Investment Company shall investigate and anticipate the investment feasibility of the Fund through analyzing the economic situation, the target market, and the suitability of the Fund's assets to achieve its investment objectives.  The Fund manager shall also appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the Fund in the best possible conditions.
14	The risk that future lease revenue of the Fund shall depend on its ability to attract and retain suitable lessees and its effective management of real estate assets	There is no guarantee that the Fund will be able to attract and retain suitable lessees on the terms and conditions. Moreover, the financial stability of the Fund's lessees may affect the Fund's financial performance. Also, the financial stability of the lessees may change over time as a result of factors directly related to the lessees or the overall economy of the Kingdom, which may affect their ability to pay lease amounts.  In addition, the Fund may incur costs related to retaining existing lessees and attracting new lessees, and the costs and time required to		✓	Alinma Investment Company shall investigate and anticipate the investment feasibility of the Fund through analyzing the economic situation, the target market, and the suitability of the Fund's assets to achieve its investment objectives.  The Fund manager shall also appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the Fund in the best possible conditions.

		enforce the rights under the lease with the defaulting lessee, including eviction and re-lease costs, which may be substantial. Failure to attract and retain suitable lessees may have a material negative impact on the Fund's business, financial position, cash flows and operating results, and may also adversely affect the value of real estate assets.			
15	The risk of losing the principal lessees in the initial real estate assets	In the event that some or all of the principal lessees decide not to continue or not renew their lease contracts, this may lead to vacancy of leased areas that may be large, which may delay finding an alternative lessee to quickly occupy those areas. Therefore, the termination or non-renewal of the contracts of any of the principal lessees may adversely affect the financial position, cash flows and operating results, and may also negatively affect the value of real estate assets.		✓	The fund manager has appointed a company specialized in property management and leasing, which stimulates the operation of the assets owned by the fund in the best possible conditions. The fund manager also holds periodic meetings with the property manager to study the conditions and requests of the lessees .
16	Risks of not ensuring that leasing rates are maintained in accordance with prevailing market rates	The leasing rates of real estate assets depend on several factors, including but not limited to the prevailing supply and demand conditions and the quality and designs of the real estate assets. There is no guarantee that the Fund manager (through the property manager) will be able to secure new lease contracts or renew existing ones in accordance with prevailing leasing 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 shall investigate and anticipate the investment feasibility of the Fund through analyzing the economic situation, the target market, and the suitability of the Fund's assets to achieve its investment objectives. The Fund manager shall also appoint a company specialized in property management and leasing, which stimulates the operation of the assets owned by the Fund in the best possible conditions.
17	Risks of the Fund's reliance on significant operational support from the property manager	The real estate assets will 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 fulfill its obligations, including the maintenance of real estate assets, may have a material negative impact on the Fund's business, financial position and operating results.		✓	The property manager shall be a real estate company that specializes in the entrusted work and shall be committed itself to providing sufficient technical and administrative staff to carry out the scope of work. The Fund manager shall also periodically assess the companies that provide essential services to the Fund, and shall submit this assessment to the Fund's board of directors. In the event that the assessment of the property manager is not commensurate with the requirements of the Fund, corrective measures shall be taken.
18	The risk that the Fund may be subject to some fixed	Leases and operating income that will be returned to the Fund may be decreased as a result of various negative changes affecting the real estate assets or lessees of the Fund.		✓	The Fund manager shall ensure that the fees are a variable percentage of the revenues, so that in the event of a

	costs that will not be decreased with lower revenues	Some of the Fund's main expenses including management fees, maintenance costs and operating costs of the real estate assets shall not be reduced due to the decrease in revenues. Thus, if leases and operating income turn down while costs remain the same, the Fund's revenue and funds available for dividends to unitholders may be turned down.			decrease in leases (if any), the fees shall be decreased as well.  Whereas part of the costs will be fixed costs, they will be reviewed periodically to take the necessary decision in the interest of the unitholders.
19	Risks of negative impact of non-existence or non-compliance with regulatory approvals and licensing requirements on real estate assets	All regulatory approvals and licenses necessary to operate shall be obtained. It is not possible to guarantee that all regulatory approvals related to real estate assets will be obtained or renewed in a timely manner. Furthermore, violation of the terms of any such regulatory approvals may result in their 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 unexpected requirements that result in unexpected capital expenditures, which may have a material negative impact on the Fund's business, financial condition, cash flows and operating results of the Fund.		✓	The appointment of a company specialized in the business of property management and leasing would mitigate the risks related to organizational problems, given the experience of the property manager in managing assets similar to the assets owned by the Fund.  The Fund manager shall also review the latest developments and statutory changes on a regular basis, and ensure the Fund's compliance with that.
20	Risks that real estate assets may be subject to substantial damage due to natural disasters and other reasons beyond the control of the Fund manager, for which insurance (if any) may not be sufficient.	Real estate assets may be subject to physical damage caused by fire, storms, earthquakes or other natural disasters, or by other causes such as political unrest. In the event of any such event, the Fund may lose the capital invested in the real estate assets, as well as the expected revenues.  In addition, no guarantee can be given that resulting losses (including loss of leasing income) may be fully compensated under insurance cover (if any) and there are certain types of risks and losses (For example, losses arising from political unrest, acts of war or some natural disaster) may not be economically or generally insurable. In the event of any of these events occurring, it may have a material negative impact on the Fund's business, financial position, cash flows and operating results.		✓	The Fund manager shall insure the Fund's assets for part of the aforementioned risks such as accidents and fires. The losses resulting from such accidents and what they may cause to external parties shall be insured. The insurance company and the amount of the insurance coverage shall be studied and compared to the value of the insured.  The geographical dividends of the Fund's assets shall reduce the existing risk of natural disasters.
21	Risks of expropriation of real estate assets	The state Kingdom shall have right to compulsorily seize property to achieve public benefit, including, but not limited to, building roads and public utilities. Despite the possibility of paying compensation for expropriation, there shall be a risk that the value of the compensation will be insufficient compared to the size of the investment, the lost profit, or the increase in the value of the		✓	In the event that one of the Fund's assets is expropriated, the Fund manager shall claim fair compensation, and after receiving the compensation amount, a decision shall be made regarding the reinvestment or dividends of that amount.



		investment. In the event of expropriation, the value of the distributions to the unitholders, the value and the trading price of the units may be decreased, and the unitholders may lose all or part of the invested capital.			
22	The risks of e-commerce changing the bidding environment for traditional retail businesses	The commercial lessees of the initial real estate assets depend mainly on the traditional sales operations through existing sales outlets in the commercial markets. These traditional businesses may be negatively affected by the remarkable increase in electronic stores that use the Internet as their platform, which has been established with great demand from consumers and retailers. As this may lead to shrinking the customer base of traditional shops and commercial centers, which could have a material negative impact on the fund's business, financial position and operating results.		✓	The Fund manager shall investigate and predict the investment feasibility of the fund by analyzing the economic situation, the target market, and the appropriateness of the Fund's means to achieve its investment objectives, and to search for the best investments that may have a positive impact on the fund.
23	Financing risks	The Fund may obtain bank financing to finance the development of its assets, or the acquisition of additional real estate, which involves a high degree of risk, and may lead to exposing the fund and its investments to other factors such as the high cost of financing (the financing cost that the fund obtains may increase in the event of an increase in the rates of financing profits, which negatively affects its performance). Moreover, the Fund's assets may be mortgaged to the financing bidders, and the financing bank may demand execution on the assets upon the occurrence of any default from the Fund, which also depends on the terms of that financing.		✓	Alinma Investment Company is working on studying the most appropriate structure for the Fund's capital in order to achieve the maximum interest of the Fund's unitholders.
24	Risks of investing in Monetary Funds	All risks similar to the risks of investing in the Monetary Fund licensed by the Capital Market Authority, which may be exposed to other investment funds in which the Fund may invest, which is represented in the failure of any debtor to the Monetary Fund to fulfill its contractual obligations with the agreed party, which may cause the Fund to lose all or part of the amount invested in these transactions, which in turn may negatively affect the performance of the Fund and thus the value of the unit will decrease.			✓ The Fund manager shall invest cash surpluses in low-risk products, provided that the returns of those funds and the risks associated with them shall be reviewed, noting that the amounts invested in the Monetary Fund shall be considered immaterial compared to the size of the Fund's assets. Investment returns in the Monetary Fund shall also be included in the periodic reports of the unitholders and the fund's financial statements.
25	Risks of dependence of some real	Some real estate assets are not connected to the electricity network of the Saudi Electricity Company, as these assets are supplied with			✓ The Fund manager shall connect all real estate assets to the electric current of the Saudi Electricity Company. The Fund

	estate assets on leased generators	<p>electrical energy through generators leased from a company licensed by the Electricity Regulatory Authority and Cogeneration to generate electricity from mobile units. If the generator lease agreement is terminated, the Fund manager (through the property manager) shall search for an alternative generator supplier.</p> <p>Accordingly, the Fund manager's delay (through the property manager) in finding a supplier of electric generators, or his failure to find an alternative, may affect the operation of real estate assets, which in turn may negatively affect the financial position, cash flows, and operating results of the fund.</p>				<p>manager, in cooperation with the property manager, shall also ensure that there are several companies that provide leasing services for generators in order to reduce the risk of affecting the operation of assets due to power outages in commercial centers.</p>
26	Government policy risks	<p>Any future reduction of subsidies on electricity and water in the Kingdom, amendments to the value-added tax or real estate disposal tax, or the imposition of any new taxes may reduce the available income and may reduce the levels of demand for the real estate assets of the Fund, and thus the cash dividends and the market value of the Fund's units..</p>			✓	<p>The Fund manager shall analyze the events surrounding the fund's investments, seeks to avoid risks that can be avoided, and reduces the distribution of those risks, with the aim of avoiding potential harm.</p>
27	The risks of considerations of compliance with Islamic Sharia Laws	<p>Whereas, the fund will invest in investment opportunities that are compatible with the Islamic Sharia laws determined by the Fund's Sharia Committee, including compliance with the Islamic Sharia laws determined by the Fund's Sharia Committee with regard to management and financing operations and all aspects of the Fund. Thus, this may limit the Fund's ability to implement certain investments, and this may affect missing some non-Sharia-compliant opportunities.</p>			✓	<p>The Fund manager seeks to ensure that the Fund's investments shall be in accordance with the Islamic Sharia Laws, as the Sharia committee looks into deals and agreements to which the fund is a party.</p>
28	Real estate development risks	<p>The development and marketing of a new real estate project involves several risks, including but not limited to: delay in completing the works on time, exceeding specified costs, poor quality of works, inability to achieve sales, and force majeure.</p> <p>Starting a new project shall also involve other risks, including delays in obtaining the necessary government approvals and permits for development, and other required government approvals and permits. Whereas investing in units in the Fund is an indirect investment in any real estate development project in which the Fund invests, any development of a real estate project (if any) shall have a direct and significant impact on the value of the Fund's units.</p>			✓	<p>There are no properties under development at the present time, and if there is an intention to develop any of the properties, the Fund manager shall take into account all risks and ways to avoid them.</p>

29	Dividend fluctuations risks	<p>Although, according to the Real Estate Investment Funds Regulations issued by the Board of the Capital Market Authority, the fund shall be required to distribute at least 90% of its net profits to unitholders on an annual basis, there is no guarantee about the actual amounts that are distributed by the Fund.</p> <p>The Fund may be unable to make any distributions due to unforeseen events that lead to an increase in costs, including capital expenditures, in the event of large-scale and expensive renovations being carried out urgently or suddenly, or a decrease in revenues, as in the case of low collection of annual leases, in the event that the lessee delays paying the lease on time or is unable to pay the lease for any reason beyond his control or intention.</p>		✓		<p>The Fund manager seeks to raise the fund's revenues and reduce its costs as much as possible, with the aim of achieving the highest possible dividends, while studying future dividends and their timing to reduce the risks related to dividend fluctuations.</p>
30	Uninsured risk of losses	<p>The Fund will maintain commercial liability insurance, property insurance and other types of insurance covering all properties owned and managed by the Fund, with the type and limits to be adequate and appropriate in view of the relative risks applicable to the property and at the appropriate cost of coverage, and by applying good industry practices, as well as insuring against certain losses, subject to certain contracts, including the restrictions of insurance policies.</p> <p>Therefore, the Fund may incur material losses that exceed insurance revenues and may become unable to continue obtaining insurance coverage at commercially reasonable rates. If the Fund encounters an uninsured loss or a loss that exceeds its insurance limits in relation to the ownership of one or more real estate, the Fund is likely to lose the capital invested in the affected property as well as the expected future returns from this property.</p> <p>Certainly, any such loss is likely to negatively affect the Fund's financial condition, the results of its operations and the resulting cash flows, and hence the Fund's ability to provide financial distributions to unitholders.</p>			✓	<p>The Fund manager shall insure the real estate subject of investment in order to avoid the risks of force majeure and losses, and thus the potential risks resulting from all losses shall be reduced. The Fund manager seeks to ensure that the insurance coverage shall be sufficient for all risks that may arise on the assets.</p>
<b>B. Other Risks</b>						
1	Risks of the Fund's dependence on the Kingdom's economy and its position in	<p>The Fund's results and financial position will be affected by the state of the economy in the Kingdom and global economic conditions that affect the Kingdom's economy. Despite its growth in other sectors, the Saudi economy is still dependent on the rates of oil and gas in</p>			✓	<p>The Fund manager shall analyze the events surrounding the fund's investments, seeks to avoid risks that can be avoided, and reduce the distribution of those risks, with the aim of avoiding potential harm.</p>

	the global market	<p>the global markets. Thus, the decline in oil and gas rates may slow or disrupt the Saudi economy, and the resulting impact on liquidity could negatively affect demand in the real estate sector.</p> <p>In addition, any negative change in one or more of the macroeconomic factors, such as the exchange rate, commission rates, inflation, wage levels, unemployment, foreign investment and international trade, could have a material negative impact on the Fund's business, financial condition and operating results. .</p>			
2	Risks that the political, economic and legal environments will continue to undergo constant changes	The political, economic and legal environments in the Kingdom are subject to continuous developments. Negative social, economic and political developments in the Kingdom and neighboring countries or others in the region may have a negative and material impact on the Fund's business, financial position, cash flows and operating results.		✓	The Fund manager shall analyze the events surrounding the fund's investments, seek to avoid risks that can be avoided, and reduce the distribution of those risks, with the aim of avoiding potential harm.
3	Litigation risks with others (third parties)	The activities of the fund's assets are likely to be exposed to the risks of entering into legal disputes with third parties, and the fund will bear defense fees against third party claims and settlement amounts or judgments, which would affect the fund's assets and reduce potential distributions.			✓ The Fund manager will claim the rights of the fund amicably or through the judicial authorities. As usual, litigation and pleading fees shall be requested from the losing party. The Fund manager will seek the necessary legal consultancy to spare the fund legal claims from third parties. The Fund manager will also investigate, in cooperation with the fund consultant, the extent to which any case is likely to succeed before claiming.
4	Risks of future statements	<p>These terms and conditions have been prepared on the basis of certain assumptions that were used by the previous Fund manager based on his experience in the markets and sectors in which he works at, in addition to market information available to the public. Future operating conditions may differ from the assumptions used previously, and therefore there is no guarantee or representation as to the accuracy or completeness of any of these assumptions.</p> <p>Certain statements in these Terms and Conditions constitute or may be deemed to constitute "future statements." these future statements can be inferred through the use of some future words such as such as "intends," "estimates," "believes," "expects," "aims," "may," "will be," "shall," "expected," or negative forms of these terms and other terms close or similar in meaning.</p>			✓ The Fund manager shall periodically review the fund's strategy and future data. The Fund's disclosures, reports and financial statements include updates on the general position and performance of the fund.

	<p>These future statements reflect the Fund Manager's current view regarding future events, but do not constitute a guarantee of future performance. There are many factors that may lead to a significant difference from the actual results, actual performance, or actual achievements achieved by the Fund Manager from what was expected, explicitly or implicitly.</p> <p>Article No. (10) (Investment Risks in the Fund) of these Terms and Conditions contains a more detailed description of some of the risks and factors that could lead to such an impact. If one or more of these risks or uncertainties materialize, or if any of the assumptions prove incorrect or inaccurate, the actual results of the Fund may differ materially from the results mentioned in these terms and conditions as estimated, believed, expected or planned.</p> <p>Therefore, potential investors shall examine all future statements in the light of these interpretations, without relying on these statements in the first place.</p>				
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## 12 .Financial statements:

You will find the attached financial statements for the period ending on December 31, 2022, which were reviewed by the auditor.

## End of report:

For more information about the fund and project work, please contact us through one of the following channels:

To call from within the Kingdom: 8004413333

To call from a mobile phone or from outside the Kingdom: 920000343

To correspond electronically: [info@alinmainvest.com](mailto:info@alinmainvest.com)

