

# Aljazira REIT Fund

A Sharia'a-compliant Traded Real Estate Investment Fund

**Fund Manager:**



**Aljazira Capital Company**

Licensed by Capital Market Authority (CMA) under No. 07076-37

**Custodian:**



**Alinma Investment Company**

Fund Size: SAR 118,000,000 (one hundred and eighteen million Saudi Riyals)

Number of units offered: (11,800,000) units valued SAR 118,000,000 representing 100% of the fund size

The Capital Market Authority (CMA) does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the fund units offered hereby should conduct their own due diligence on the accuracy of the information relating to the fund. If you do not understand the contents of this document, you should consult an authorized financial advisor.

Aljazira REIT Fund has been approved as a Shariah-compliant investment fund approved by the Shariah Supervisory Committee appointed for the fund.

Each investor must carefully read and understand the Terms and Conditions before taking any decision as to whether or not to invest in the Fund.

The Fund Terms and Conditions were issued on 04/04/1438AH corresponding to 02/01/2017, and last updated on 16/04/1445H corresponding to 31/10/2023G.

CMA has approved the offering of the Fund units on 04/04/1438AH corresponding to 02/01/2017G.

**This is the English Translation of the Official Arabic Terms and Conditions**

**Arabic is the official language of this document**

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In the Name of Allah, the Most Gracious, the Most Merciful

Praise be to Allah, Lord of the worlds, and may the blessings and peace of Allah be upon the most honoured of messengers Muhammad (p.b.u.h.) and upon all his family and companions.

**List of Terms**

The following terms shall have the meaning herein assigned to them as follows:

**Auditor:** means PKF AlBassam & Co., whose head office is located at: Prince Mohammed bin Abdulaziz St. (Tahlia), As Sulimaniyah, Riyadh, KSA, Tel: +96612065333, Fax: +96612065444

**Company:** means Aljazira Capital (Fund Manager), which holds a CMA license No. 37-07076, dated 08.07.1428 AH corresponding to 22.07.2007 AD, has a business practice letter dated 28.03.1429 AH corresponding to 05.04.2008 AD, and has its head office located at: P.O. Box: 20438, Riyadh 11455, KSA, Tel: 0112256000.

**Bank Aljazira:** means Bank Aljazira, a Saudi Joint-Stock Company with CR No. 4030010523 and its head office is located at: P.O. Box: 6277 Jeddah 21442, KSA.

**Companies Owned by Bank Aljazira:** means any company associated with or owned by Bank Aljazira and any company associated to such company.

**Board:** means the Board of Directors of Aljazira REIT.

**CMA:** means the Capital Market Authority in the KSA established according to Capital Market Law.

**Capital Market Law:** means the Capital Market Law in the KSA issued by Royal Decree No. M/30, dated 02.06.1424 AH (corresponding to 16.06.2003 AD).

**Fund:** means Aljazira REIT Fund.

**Fund Manager:** means Aljazira Capital (the "Company"), whose head office is located at P.O. Box: 20438, Riyadh 11455, KSA, Tel: 0112256000, Fax: 0112256068.

**Fund Operator:** means Aljazira Capital (the "Company"), which head office is located at P.O. Box: 20438, Riyadh 11455, KSA, Tel: 0112256000, Fax: 0112256068. Its work tasks shall include all accounting and administrative processes related to the Fund, such as calculating unit value and registering cash distributions.

**Operation, Maintenance and Marketing Manager:** a real estate company that manages the real estate subject of investment, and responsible for all relevant services, such as maintenance, lease services and rent collection. Star Link Real Estate has been contracted as an Operation, Maintenance and Marketing Manager for the Fund.

**Custodian:** Alinma Investment, holding a CMA license No. (09134-37), with its head office located at P.O. Box: 66333 Riyadh 11576, KSA, Tel: 0112185969, Fax: 0112185970. The Custodian duties shall include separation of the Fund assets from its own assets as well as those of other clients and maintaining all necessary records and other documents supporting the fulfilment of contractual obligations.

**Fund's Sharia'a Authority:** means the authority that practices Sharia'a control over the Fund's operations, which is detailed in Article (22) of the Terms and Conditions.

**Investment Objectives:** means the Fund's objectives mentioned in Article (4) of the Terms and Conditions.

**Investor(s) and Subscriber(s):** means the investor in the Fund or a person applying for investment in the Fund.

**Investment Units:** means the Investment Units that grant the Investor the right to subscribe in the title of Fund assets on proportionate basis according to the number of Investment Units owned by the Investor.

**Net Asset Value:** For the purposes of the Real Estate Investment Funds Regulations, it means the net asset value of the fund divided by the number of existing units.

**Net Asset Value of the Fund:** For the purposes of the Investment Funds Regulations, it means the total value of the Fund's assets less the liabilities .

**Regulations:** means Real Estate Investment Funds Regulations issued by CMA's Board pursuant to Resolution No. 1-193-2006 dated 19.06.1427 H corresponding to 15.07.2006 AD, in accordance with the Capital Market Law , and amended by CMA's Resolution No. 2-22-2021 dated 12.07.1442 H, corresponding to 24.02.2021 AD, and all future amendments thereto .

**SAR:** means Saudi Riyal, the official currency in the KSA.

**Sharia'a:** means Law that is based on provisions of the Noble Quran and the Sunnah of the Prophet (p.b.u.h.).

**Shar'iah Control:** means the authority with which the Fund contracted to review the matters related to the Fund operations and their conformity with the Sharia'a regulations.

**Shar'iah Standards:** those to be applied to the Fund operations and investments

**Right of Pre-emption:** the right to own sold real estate or the like in connection to such real estate, including a company or neighbouring at the same price that the purchaser paid. For example, a subscriber replaces the purchaser when the other subscriber sells the other subscriber a jointly-owned real estate as the case may be and according to the legally-prescribed terms.

**Cooperative Insurance Contract:** a contract that obliges the insurer to pay the insured a financial sum, revenue or other compensation if an accident or risk as set out in the contract occurred in consideration of instalment or any other financial payment made by the insured to the insurer.

**Terms and Conditions:** contracts that contain the data and provisions required under the Real Estate Investment Funds Regulations and all the clauses set out in this document .

**Total Purchase Sum:** means the total sum paid by the Investor to invest in the Fund.

**Calendar Day:** the Fund assets shall be calendared semi-annually (30.06 and 31.12) of each financial year to issue a guideline price for the unit.

**Business Day:** means any working day starting from Sunday through Thursday of each week, except for official holidays according to business days of Saudi Stock Exchange.

**Related Parties:** Fund Manager, Custodian, developer, technical office, real estate manager, accredited appraiser, auditor, Fund BoDs, Board of Directors, CEOs or employees of any of the said parties, any owner of units whose ownership exceeds 5% of the Fund net assets, or any person reporting to or heads any of the said persons.

**Business Case Study:** set of data and information collected and analysed by a competent consulting company to evaluate the possibilities of investment success, profitability and risks it might face.

**Constructively-Developed Real Estates:** ready-made real estates, including residential, commercial, industrial, agricultural and other real estates.

**Net Fund Profits:** means total Fund revenues (rental income) after deducting total expenses incurred by the Fund, excluding other comprehensive income components.

**Positive Difference between Real Estate Sale and Purchase Prices:** the positive result of the sale price deducted from the purchase price.

**Financial Solvency:** the Company's ability to fulfil its obligations to pay fixed costs and promote considerable expansion and long-term growth.

**Block:** means set of plots representing one unit over four streets.

**Fundamental Change:** In accordance with paragraph (d) of Article 26 of the Real Estate Investment Funds Regulations, the term "Fundamental Change" shall mean any of the following cases:

1. A significant change to the Fund's objectives, nature or class;
2. A change that has a material adverse effect on the Unit Holders or their rights with respect to the Closed Fund;
3. A change that has an effect on the degree of risk of the Fund;
4. The voluntary withdrawal of the Fund Manager from the position of the fund manager;

5. Any change normally causes Unit Holders to reconsider their participation in the Closed Fund;
6. Any change that leads to an increase in payments from the assets of the Closed Fund to the Fund Manager or any member of the Board of Directors or any affiliate of any of them;
7. Any change that introduces a new type of payments to be made from the Closed Fund's assets;
8. A change that materially increases the types of other payments that are made from the Closed Fund's assets;
9. Change in the Closed Fund's maturity date or termination;
10. Increase in the total assets of the Closed Fund through admitting cash and/or non-cash contributions;
11. Any other cases decided by CMA from time to time and communicated to the Fund Manager.

**Non-fundamental Change:** means any change other than those referred to in paragraph D of Article 26 of the Real Estate Investment Funds Regulations.

**Independent Fund Board Member:** an independent fund board member who enjoys complete independence. A board member shall not be independent in the following cases, without limitation:

1. If he/she is employed by or affiliate to the Fund Manager, any sub fund manager or the Fund's Custodian or has a material business or contractual relationship with the Fund Manager, any sub fund manager or the custodian of that fund;
2. If he/she is a senior executive over the last two years of the Fund Manager or any affiliate thereof;
3. If he/she has a first degree kinship with any of the board members or senior executives of the Fund Manager or any affiliate thereof;
4. If he/she holds controlling shares with the Fund Manager or any affiliate thereof within the last two years.

**Major Unit Owner:** a person who holds 5% or more of the units in the fund.

<b>Aljazira REIT Directory</b>		
<b>Fund Manager</b>	 <p>ALJAZIRA CAPITAL الجزيرة للأسواق المالية</p>	Tel.: +966 11 2256000 Fax: + 966 11 2256068 KSA P.O. Box 20438, Riyadh 11455 King Fahd Road, Al Rahmaniya <a href="http://www.aljaziracapital.com.sa">www.aljaziracapital.com.sa</a> <a href="mailto:contactus@aljaziracapital.com.sa">contactus@aljaziracapital.com.sa</a>
<b>Fund Operator</b>		
<b>OMM Manager</b>	 <p>Star Link Real Estate نجمة صلة العقارية</p>	Tel.: 920005963 Fax: +966 12 6553846 KSA P.O. Box 20179, Jeddah 21413 Prince Sultan St., North of Tarikh Roundabout, Al-Sultanh Tower <a href="http://www.starlink.co">www.starlink.co</a>
<b>Custodian</b>	 <p>الإئماء للاستثمار alinma investment</p>	Tel.: +966 11 2185999 Fax: +966 11 2185900 KSA P.O. Box 66333, Riyadh King Fahd Road, Olaya <a href="http://www.alinmainvestment.com">www.alinmainvestment.com</a> <a href="mailto:info@alinmainvestment.com">info@alinmainvestment.com</a>
<b>Chartered Accountant</b>	 <p>PKF Al-Bassam &amp; Co. Allied Accountants Audit - Consultants - Zakat &amp; Tax (Member firm of PKF International) PKF Al Bassam &amp; Co.</p>	Tel.: +966 11 2065333 Fax: +966 11 2065444 KSA P.O. Box 28355, Riyadh 11437 Prince Muhammad Bin Abdulaziz (Tahlia) St., Sulaymaniyah district <a href="http://www.pkf.com/saudi-arabia">http://www.pkf.com/saudi-arabia</a> <a href="mailto:ibrahim.albassam@pkf.com">ibrahim.albassam@pkf.com</a>
<b>Business Case Consultant</b>	 <p>BECC Business Econ-Consulting Center مركز الأعمال للإستشارات الاقتصادية إستشارات</p>	Tel.: 920003201 Fax: +966 11 4876694 KSA P.O. Box 20097, Riyadh 11455 Imam Saud bin Faisal, Al Sahafa district <a href="http://www.becc.com.sa">http://www.becc.com.sa</a> <a href="mailto:info@becc.com.sa">info@becc.com.sa</a>
<b>Sharia'ah Supervisory Board</b>	 <p>ALJAZIRA CAPITAL الجزيرة للأسواق المالية Aljazira Capital Sharia'ah Board</p>	Tel.: +966 11 2256000 Fax: + 966 11 2256068 KSA P.O. Box 20438, Riyadh 11455 King Fahd Road, Al Rahmaniya <a href="http://www.aljaziracapital.com.sa">www.aljaziracapital.com.sa</a> <a href="mailto:contactus@aljaziracapital.com.sa">contactus@aljaziracapital.com.sa</a>
<b>Zakat Advisor</b>		Deloitte and Touche & Co. P.O. Box: 213, Riyadh 11411 KSA Tel.: +966 (0) 11282 8400 Fax: +966 (0) 11293 0880 <a href="http://www.deloitte.com">www.deloitte.com</a>

<b>Offering Summary</b>	
Currency of Fund	Saudi Riyal (SAR)
Risk Level	Risk level in this Fund is moderate. It has been detailed in Article (8) of the Terms and Conditions.
Term	The Term of the Fund shall be 99 years as of its operation.
Objectives	Investment in Constructively-Developed Real Estates that generate periodic income. At least 90% of the net Fund income shall be annually distributed in cash among the Investors during the Fund administration period as minimum. To this end, the Fund shall acquire the warehouses at Al Khumrah in Jeddah, which are owned by Aljazira Mawten Real Estate Income Fund
Minimum Subscription Limit	1,000 units equalling Ten Thousand Saudi Riyals (SAR 10,000)
Approval Days of Subscription Requests	During subscription period set at 30 calendar days as of the date of initial offering
Calendar Days	Semi-annually, i.e., every six months of the Fund's Gregorian year
Subscription Fees	Up to 1% to be discounted from the total subscription sum prior to purchasing the units only during the initial subscription period
Fund Management Fees	0.9% per annum from net asset value to be calculated on semi-annual basis and paid on semi-annual basis.
Administrative Fees	Minimum 0.25% per annum of the net asset value
Custodian Fees	Minimum 0.1% per annum of the net asset value to be paid quarterly
Date of Offering	24.04.1438 AH corresponding to 22.01.2017 AD
Start Date of Fund Operation	Within a month as of the end of the initial subscription period
Unit Price at Start of Offering	SAR 10
Minimum Limit of Fund Start-up	One Hundred Million Saudi Riyals (SAR 100,000,000)
Size of Fund	One Hundred Eighteen Million Saudi Riyals (SAR 118,000,000)
Annual Profit Distribution	At least 90% of Net Fund Profits in cash and at least once a year
Trading	Fund units shall be traded by sale and purchase orders available through Saudi Stock Exchange. The market-prescribed trading currency shall apply.



## Aljazira REIT Terms and Conditions

### 1. Name and Type of the Fund

Aljazira REIT Fund: a publicly offered Real Estate Investment Traded Fund complying with Shari'ah standards.

### 2. Address of Fund Manager

Aljazira Capital: a Saudi Arabia Closed Joint-Stock Company practicing its business under the supervision of CMA. Its head office is located at: P.O. Box: 20438, Riyadh 11455, KSA, Tel: 0112256000, Fax: 0112256068, Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa).

### 3. Term

The Term of the Fund shall be 99 years as of its operation.

### 4. The Fund Purpose, Investment Objectives and Dividend Policy

- 4.1 Acquire constructively-developed leased or leasable real estates with appropriate revenue in accordance with the restrictions set out in Investment Strategy. The fund will mainly invest in Al Khumra Warehouse in Jeddah.
- 4.2 Distribute no less than 90% of the Fund net profits in cash among the investors at least once a year during the third quarter of each year where rents are fully collected.
- 4.3 Potential generation and distribution of capital revenues upon partial or full sale of Fund real estates. The Fund BoD shall determine the percentages of distributions on a case-by-case basis.

### 5. Summary of the Fund Strategies to Achieve its Objectives

#### 5.1. Table of the Fund's investment areas

Investment area	Minimum	Maximum
Acquire leased or leasable real estates	75%	100%
Real estate development – Fund owned or not – or renewing/redeveloping such real estates.	0%	25%
Publicly offered Murabaha Funds in Saudi Riyal, which are approved by CMA, and located mainly in funds managed by the Fund Manager, Custodian, or any licensed Fund Manager.	0%	25%

## 5.2. Description of the sectors in which the Fund intends to invest

The Fund invests in all income-generating real estate sectors.

## 5.3. Detailed description of real estate assets to be owned

5.3.1. Al Khumrah Warehouse Project is located at Khumrah, Jeddah in Al Moosa Warehouse Plan, crossroads of King Faisal Rd. along the extension of South Kornish Rd. The location has the following advantages:

5.3.1.1. Easy Access and clear address as the Project is located at a warehouse region that serves the first industrial region and Jeddah Islamic Port.

5.3.1.2. Easy to discharge and load goods as the streets surrounding the Project are wide. The Project is located between a 32m to 25m street; the two blocks are separated by a 32 m inner street.

5.3.1.3. It is near Jeddah Islamic Port by 25km and the First Industrial City by 18km. There are no ban hours on truck movements.

5.3.2. Total area of plot is 65,387.71 m<sup>2</sup>. The northern block area is 33,591.63m<sup>2</sup> and the southern block area is 31,796.08m<sup>2</sup>.

5.3.3. The Project is composed of two blocks; each block contains 3 compounds with similar area size. Each compound have a number of warehouse between 10 to 12, these warehouses can be merged so that a single compound will turn into a large warehouse. The compound shall be leased by one tenant or the Project shall be leased as small warehouse. The compound areas are as follows:

5.3.3.1. First compound: 10,584m<sup>2</sup> comprising 10 warehouses

5.3.3.2. Second compound: 10,000m<sup>2</sup> comprising 12 warehouses

5.3.3.3. Third compound: 11,229m<sup>2</sup> comprising 10 warehouses

5.3.3.4. Fourth compound: 10,671m<sup>2</sup> comprising 10 warehouses

5.3.3.5. Fifth compound: 12,507m<sup>2</sup> comprising 12 warehouses

5.3.3.6. Sixth compound: 10,414m<sup>2</sup> comprising 10 warehouses

The Project is composed of (6) completed units. The Fund Manager shall lease the units to tenants with high financial capabilities. Any development, lease, re-lease or expiration of contract shall be announced via the capital market website (Tadawul) and the Fund Manager's website.

## 5.4. The Fund's Real Estate Assets Information

Real Estate Name	Khumra Warehouses
Real Estate Owner Info.	The real estate has been purchased from Aljazira Mawten Real Estate Income Fund, which is a fund privately offered on 15.02.1435 AH corresponding to 19.12.2013 AD with a capital of (SAR 56,000,000) and composed of (560,000) units that are owned by 17 Investors.
Real Estate Type	Storage warehouses
Country/City	Located in Jeddah, KSA
District/Street	Al Moosa Warehouse Plan, crossroads of King Faisal Rd. along the extension of South Kornish Rd.
Site Map	
Land Area	65,387,71 m <sup>2</sup>
Built-up Area	65,404 m <sup>2</sup>
Number of Storeys	One storey
Unit Types and Numbers	<p>First compound: comprising 10 warehouses</p> <p>Second compound: comprising 12 warehouses</p> <p>Third compound: comprising 10 warehouses</p> <p>Fourth compound: comprising 10 warehouses</p> <p>Fifth compound: comprising 12 warehouses</p>

	Sixth compound: comprising 10 warehouses				
Occupancy rate	100%				
Date of Construction Completion	October 2013 (Building permit date: May 2013)				
Purchase Cost	Purchase Price: One Hundred Eighteen Million Saudi Riyals (SAR 118,000,000) – No commission				
Summary of Current Lease Contracts	Companies leasing the warehouses until the beginning of Q3 of 2023:				
	Tenant	Term (Years)	Start Date	End Date	Annual Rent Value (SAR)
	Hamad M. Al Rugaib & Sons Trading Co.	5	01/09/2019	31/08/2024	1,000,560
	Petromin Corporation	5	01/05/2021	30/04/2026	850,000
	Main Site Foundation for Property Management	3	20/03/2022	19/03/2025	853,657
	Hamad M. Al Rugaib & Sons Trading Co.	5	01/07/2021	30/06/2026	898,320
	Sawala Warehousing Co.*	3	20/11/2023	19/11/2026	1,145,540
Astra Food Company Ltd.	3	01/09/2023	31/08/2026	1,481,820	
	* The name of the tenant has been changed from "Abaker Warehousing Co." and there is a lease contract with the teanant started on 20/11/2020 and ending on 19/11/2023 with annual rent amount of SR 833,120.				
Last 3 Years Revenues					
		Year	Revenues (SAR)		
		2022	6,024,734		
		2021	5,238,252		
	2020	6,074,367			

## 5.5. Main Investment Policy

5.5.1. The Fund currently owns Khumra Warehouses in Jeddah, which is a real estate project at the Western Province storage sector, and owend by virtue of two instruments No. 420204018426 and 820204018420. The Fund, in addition, is entitled to own real estate projects in different sectors and geographical areas.

5.5.2. The Fund shall invest in no less than 75% of the total value of its assets according to the last audited financial statements to purchase leased or leasable real estates, and then the net profits shall be annually distributed during the Term while possibly generating capital profits upon selling Fund assets.

5.5.3. The Fund Manager may invest no more than (25%) of the total value of the Fund assets according to the last audited financial statements in real estate development, whether or not owned by him, or to renew or redevelop such real estates.

5.5.4. The Fund Manager may purchase other real estates during the Term according to the restrictions set out in Investment Strategy.

5.5.5. The Fund Manager may keep or sell the real estates invested during the Fund's lifetime after the Board's approval serving the Investor's best interests provided the Fund's investment value in Constructively-Developed Real Estates that generate periodic lease income shall not be less than (75%) of the total value of the Fund assets according to the last audited financial statements.

#### 5.6. Previous and Target Rental Returns for Each Real Estate/Facility

The 2022 rental value of Khumra Warehouses is SAR 6,024,734, and the expected rental value for 2023 is SAR 5,996,399.

#### 5.7. Borrowing Capabilities of the Fund

5.7.1. The Fund Manager may, after the approval of the Fund's Board and within the Fund's financial structure at any time, procure funding provided it shall not exceed (50%) of the total value of the Fund assets according to the last audited financial statements from any local bank. Such funding shall be in compliance with Shari'ah standards. The Fund shall afford all funding expenses.

5.7.2. Upon selling the Fund assets fully or partially, the funding value (if any) and any other obligations on the Fund shall be paid before distributing the sale proceeds among Investors.

#### 5.8. Means and Methods of Investing the Fund's Available Cash

The Fund Manager may invest a maximum of 25% of the Fund's net asset value in publicly offered Murabaha Funds in Saudi Riyal, which are approved by CMA and located basically in funds managed by the Fund Manager or the Custodian.

#### 5.9. Details of Using the Proceeds from the Fund's Offering

The schedule of Fund stages shall include:

5.9.1. Offering the 11,800,000 Fund units for first subscription during the period that commences on Sunday, 24.04.1438 AH corresponding to 22.01.2017 AD, and expires on Monday, 23.05.1438 AH corresponding to 20.02.2017 AD.

5.9.2. If the offering is made and the required sum is completed, the warehouses owned by Aljazira Mawten Real Estate Income Fund shall be acquired within a month as of the subscription closure to complete the contracting procedures and transferring the real estate title.

5.9.3. The loan granted by Bank AlJazira shall be paid for Aljazira Mawten Real Estate Income Fund as Aljazira REIT Fund shall not rely on any funding during this stage.

5.9.4. The purchase price shall be only one hundred eighteen million Saudi Riyals (SAR 118,000,000). The Board of Aljazira Mawten Real Estate Income Fund has accepted that the Fund shall transfer the ownership of its assets to Aljazira REIT Fund at the agreed value and complete the sale upon offering completion.

5.9.5. After the end of the first subscription period and if the minimum limit of the Fund start-up, which is only (SAR 100,000,000) was collected, a funding shall be procured with the remaining sum in order to enable the Fund to purchase the warehouses.

5.9.6. The subscription amounts shall not be invested during the first subscription period.

#### 5.10. Unit Holders and Percentage of In-kind Subscription

Owners of the units of Aljazira Mawten Real Estate Income Fund may subscribe in Aljazira REIT Fund during the first subscription period by purchasing units in values similar to their investment units in Aljazira Mawten Real Estate Income Fund according to their valuation upon closure. These subscriptions shall be exempted from the subscription fees.

## 6. Risks of Investing in the Fund

### 6.1. Summary of the Main Risks Related to Investing in the Fund:

6.1.1. Risks of change in real estate market prices: real estate values fluctuate leading to difficult exit of such assets by the expected prices according to any developments related to the market as well as the political and economic developments and supply and demand factors. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.

6.1.2. Liquidity risks: the risks of liquidity decrease in real estate market affecting the possibility to sell the Fund assets. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.

6.1.3. Income fluctuation risks: includes the risks of tenants' default in payment, late payment, collection, performance of contractual obligations, payment of maintenance expenses or damage or loss of stores; thus leading to fluctuation in distributions. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.

6.1.4. Withdrawal of tenants or contracting with new tenants: the Fund's operations, cash distributions and unit prices shall be negatively affected if it failed to release the real estate after their immediate evacuation if it failed to renew the lease contracts or if it faced decrease in the lease value upon renewal or release.

6.1.5. Political volatility and economic risks: considering that the market is focusing its investments in the KSA, it is expected that the Fund's performance shall be relevant to the economic conditions and political situations arise in the region, which might negatively

- reflect on the real estate market and prices of real estate assets of the KSA. The Fund may also fluctuate more frequently than the other diversified funds as to their geographical circulation. Such fluctuation might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.
- 6.1.6. Trading risks: violation of liquidity requirements mentioned in the Real Estate Investment Traded Funds Instructions might expose the trading of Fund's units be suspended or their listing be cancelled. This might negatively affect the price of units and incapacitate their owner from trading in the Saudi Arabia financial market.
- 6.1.7. Unit liquidity risks: this is the risk of liquidity decrease in market, in which the Fund's units are trading, thus affecting the possibility of selling them as well as the sale price.
- 6.1.8. Risks of increased unit sales: the increased unit sales might lead to decrease of unit prices.
- 6.1.9. Risks of exit from Fund at the end of Fund's operation: these are the risks of liquidity decrease in market, in which the Fund invests, thus affecting the difficulty of real estate trading or decrease of demand.
- 6.1.10. Risks of lack of warranty to generate revenue from investment: the Fund assets might not witness rise in their lease revenues overtime or the increase in their lease might be less than fair market percentage in the future. For such reasons among others, the value of these assets might not increase overtime, thus limiting the ability of the Fund Manager to sell such assets. If sold, they will be sold less than their purchase value, thus negatively affecting the unit price in the Fund.
- 6.1.11. Insurance risks against real estate: currently concluded lease contracts shall oblige tenants to provide cooperative insurance or cover compensation that might arise from damage and accompanying damage to real estate. Moreover, the Fund shall retain the right to conclude such insurance directly; however, the Fund Manager cannot warrant that the compensation shall cover all material damage that might be inflicted to the real estate as well as the suspension of rents from damaged real estates, thus leading the Fund to incur additional expenses affecting its profits and unit prices.
- 6.1.12. Risks of relying on key personnel: the inability of the Fund Manager, operation and maintenance director and/or any external parties to maintain or recruit key personnel or the loss of main employees by any of them might affect the ability of the Fund Manager to implement the Investment Strategy. This in turn will affect the Fund's ability to make periodic distributions according to the target as well as the investment value, thus negatively affecting the unit price in the Fund.
- 6.1.13. Legal risks: in case of modification to the laws, legislations, regulations or instructions, tax, real estate, environmental or urban planning laws and legislations, such modification might lead to taking several procedures that would affect the performance of or lead the Fund to incur losses, thus negatively affecting the unit price in the Fund.

- 6.1.14. Legal conflict risks: there are no legal conflicts or dispute cases over ownership documents till the date of preparing these Terms and Conditions. However, if legal conflicts are provoked regarding the Fund assets or dispute cases were brought up over the ownership documents, this might delay some Fund operations. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.
- 6.1.15. Cost increase risks: it is probable that the costs and provisions of building, maintenance or renovation from the estimates would change for unexpected reasons. However, measures shall be set whenever possible to limit exceeding the costs, but there is no warranty that such measures will be sufficient to eliminate the threat of sustaining significant violations in costs that might lead the Investors to incur losses.
- 6.1.16. Real estate development risks: if the Fund promoted development, it might face disputes with contractors and increase in the costs of building materials, equipment, labour, problems and unexpected conditions. However, these costs shall be limited by entering into construction contracts under definite term and price with contractors and proper provisions shall be set to cover cases of emergency. Despite exercising due diligence in electing contractors, the decrease of work quality level by such contractors might negatively affect selling the Project thereafter. This might affect the Fund profits and/or valuation of its assets and the unit prices. In these cases, the right to seek recourse against contractors shall be limited.
- 6.1.17. Real estate valuation risks: the Fund asset valuation process might be subject to several errors during the process of real estate valuation, such as: difference in area, location or specification, as well as the procedures of auditing the valuation. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.
- 6.1.18. Credit risks and tenants' inability to pay: there are credit risks from counter-parties, such as tenants, Murabaha operations, including payment of dues, timely performance of owed obligations or inability to finally pay. This might affect the Fund profits and/or valuation of its assets and its unit prices.
- 6.1.19. Funding and assurance risks: up to the date of these Terms and Conditions, no funding has been secured and no assurance was given regarding the possibility of providing funding or approving certain funding structure. If funding is procured, its costs and prices might rise affecting the Project revenues and the Project might not yield enough revenues to cover such costs. Hence, the Fund Manager might be forced to sell the Project to pay the funding. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.
- 6.1.20. Risks of conflict of interests: a conflict of interests might rise between the Fund Manager or relevant related parties and Investors in the Fund during the administration of the Fund. Any conflict of interests that limit the ability of the Fund Manager from



performing his tasks subjectively shall negatively affect the Fund investments and performance.

6.1.21. Risks of Zakat and fee application: it is probable that the application of fees on idle lands shall directly or indirectly affect the real estates, subject of the Fund investment, thus resulting in taking several procedures that might affect the performance of or exposing the Fund to incur losses. If a company is incorporated for the Fund to procure funding, it shall be subject to incur Zakat charges. This might affect the Fund profits and/or valuation of its assets; hence, negatively affecting the price of its units.

6.1.22. Risks of collecting Zakat: The rules for collecting zakat from investors in investment funds have come into effect on January 1, 2023, as new and modern rules that added to the system of other zakat collection rules. Given the newness of this type of rules, it is unclear to what extent such an impact will have on the fund and on its investors, and therefore this requires full knowledge and understanding of the nature and method of applying the collection of Zakat from investors in fund units in accordance with what is imposed under the rules issued.

6.2. The Fund assets and revenues are subject to several risks accompanying real estate investments. Investors shall be aware that the value of investment units and distribution of revenues can decrease at any time. No assurance can be given that the investment strategy will be successfully implemented or that the investment objectives will be achieved. There are no warranties to be provided to Investors regarding the original invested sums nor any revenues.

6.3. Investors assume the liability for any financial loss that might arise from investing in the Fund aside from cases of gross negligence or illegal intentional act by the Fund Manager or operator. Each party shall assume the liability of his default.

6.4. Investors shall be aware that investing in the Fund shall not be considered a deposit at a local bank that sponsors the Fund, sells its units or relates to it in any way.

## 7. Subscription

### 7.1. Subscription Information

Initial Offering Period (30 Calendar Days)	Extension Period if the Minimum Limit is Uncollected (30 Calendar Days)
24.04.1438 AH corresp. 22.01.2017 AD	23.05.1438 AH corresp. 20.02.2017 AD

The subscription period shall be no more than thirty (30) calendar days commencing as of Sunday, 24.04.1438 AH corresponding to 22.01.2017 AD, and expires on Monday, 23.05.1438 AH corresponding to 20.02.2017 AD. However, the Fund Manager may close the subscription period if the minimum limit is covered. If the minimum limit is uncovered to commence the

Fund operation during such period, the Fund Manager may extend the period of subscription for a similar period after procuring the CMA approval. If the minimum limit set at (SAR 100,000,000) One Hundred Million Saudi Riyals failed to cover after the extension period, the subscription amounts shall be returned to the Subscribers without any deductions.

## 7.2. Information of Real Estate Owners Who will Subscribe In-kind

### 7.2.1. Allocation mechanism for Aljazira Mawten Real Estate Income Fund unitholders:

7.2.1.1. Subscription priority of the units in Aljazira REIT Fund shall be for the owners of units in Aljazira Mawten Real Estate Income Fund with no more than the total value of units owned by each Investor in Aljazira Mawten Real Estate Income Fund upon conducting a final valuation upon exit.

7.2.1.2. If any Investors wished to increase the subscription value in Aljazira REIT Fund over the unit value he owns in Aljazira Mawten Real Estate Income Fund, the additional subscription sum shall be dealt with according to "public allocation mechanism".

## 7.3. Subscription of the Fund Manager during the Offering Period

Not Applicable

## 7.4. Fund Manager Undertaking of Real Estate Ownership by Non-Saudis

Subscription shall be available for Saudi Arabia and GCC nationals, legal residents in the KSA and non-resident foreigners in compliance with the Law of Real Estate Ownership and Investment by Non-Saudis, issued by virtue of Royal Decree No. M/15 dated 17.04.1421 H.

## 7.5. Subscription Minimum and Maximum Limits

The minimum limit of subscription in the Fund shall be 1,000 unit, equalling SAR 10,000 with no maximum limit.

## 7.6. Subscription Application

Investors who wish to subscribe during the first subscription period shall fill out the subscription form, sign the Terms and Conditions, submit them to the Fund Managers and transfer the full subscription value to the Fund account.

## 7.7. Subscription Method

7.7.1. Investors can pay the subscription value by transferring it to the Fund account.

7.7.2. Investors cannot cancel the subscription request after submission.

7.7.3. Investors will not receive ownership certificates for investment units. All investment units shall be registered with the registration centre at Saudi Stock Exchange Company (Tadawul).

7.7.4. If a subscription request is fully or partially rejected due excess subscriptions, or because the minimum limit of the Fund is uncovered, the unused subscription sum as well as the subscription fees received by the Fund Manager to issue units shall be returned to the Subscriber proportionately by transferring the same to the Subscriber's account, which is already submitted in the Subscriber's form.

7.7.5. Related parties may subscribe in the Fund during the first subscription period.

## 7.8. Subscription of Dependents and Minors

Not Applicable

## 7.9. Allocation Method

### 7.9.1. Public allocation Method:

When the allocation of Aljazira Mawten Real Estate Income Fund unitholders is completed, the other subscriptions shall be dealt with. The remaining value shall be allocated as follows:

7.9.1.1. Analysis of subscription data, such as total subscription amount and number of subscribers.

7.9.1.2. A one thousand (1,000) investment units shall be allocated to each Investor. If the units were insufficient, they shall be divided between the Investors equally regardless of the size of subscriptions.

7.9.1.3. In case of excess unallocated units, additional 1,000 units shall be allocated for incomplete subscriptions.

7.9.1.4. This mechanism shall be repeated until all offered units are allocated. It shall be applied to less than one thousand units until all offers units are allocated.

7.9.1.5. Upon final allocation, the mechanism and result of allocation shall be sent to the CMA for notification.

7.9.1.6. Excess cash subscriptions shall be returned without any discounts.

## 7.10. Increasing Total Assets of the Fund

The Fund Manager may, following the approval of the Fund's Board, Investors and CMA, increase the Fund's capital at any stage of its lifetime by accepting in-kind or cash contributions or both provided it shall abide by the regulations and mechanisms stipulated by the Real Estate Investment Traded Funds Instructions.

## 7.11. Expected Time between Unit Offering Date and Trading Date

Not Applicable

## 8. Trading Fund Units

### 8.1. Method of Trading Fund Units

Fund units shall be registered at Securities Depository Center Co. (Edaa), and traded by Tadawul designated system to place orders. Units will be traded during the business days of Tadawul. The purchase of any Fund units by a unit owner shall be deemed an acknowledgment from such owner of reviewing and accepting the Fund's terms and conditions.

### 8.2. Cases where Listings are Suspended and/or Cancelled

CMA may suspend trading Fund units or cancel their listing any time as it deems appropriate, in any of the following cases:

- 8.2.1. If it deems it necessary to protect Investors or to maintain a regulated market.
- 8.2.2. If the Fund Manager or Custodian fails in a way deemed substantial by the Authority to commit to the Law and the Executive Regulations thereof.
- 8.2.3. If the Fund fails to pay any financial amounts due to CMA or the Tadawul or any fines payable to CMA on time.
- 8.2.4. If liquidity requirements set out in listing instructions are not fulfilled.
- 8.2.5. If CMA decides that the Fund's operations or assets level cannot justify the continuous trading of its units in the market.
- 8.2.6. Upon expiration of the Fund term

### 8.3. Tadawul will suspend trading the Fund units in the following cases:

- 8.3.1. When the Fund fails to comply with the specified dates to disclose its periodic financial information in accordance with relevant regulations.
- 8.3.2. When the Auditor's report on the Fund financial statements includes an opposing opinion or disclaimers of opinion.
- 8.3.3. If liquidity requirements set out in Chapter Two of Listing Instructions have not been fulfilled after the time period specified by CMA for the Fund to make due fiscal consolidations, unless CMA agrees otherwise.

8.4. Following CMA's approval, the Fund Manager may temporarily suspend trading Fund units or cancel their listing, provided that it submits the specific reasons for suspension or cancellation request.

## **9. Dividend Policy**

The Fund Manager shall, during the Fund term, distribute at least 90% of the net profits to the Investors, at least once a year during the third quarter, in case of the completion of lease collection, and after the approval of the Fund's Board of Directors. Profits shall be transferred to the concerned Investors' portfolios based on the due dates to be announced before distribution.

## **10. Fund Expiration and Liquidation**

### **10.1. Cases Leading to Termination of the Fund**

10.1.1. The Fund expires after achieving the purposes for which it has been established or after the elapse of the term defined for it.

10.1.2. In case the value of the managed Fund assets or the expected interest rate is –in the Manager's opinion– insufficient to justify continuation of Fund's business; or in case of any change of laws or systems, or any other case, the Fund Manager may liquidate the Fund, after obtaining the approval of the CMA.

### **10.2. Procedures of Termination and Liquidation of the Fund**

10.2.1. The Fund Manager will notify CMA and announce through its website and the Tadawul's website the details of the Fund's termination plan and procedures, no less than (21) days prior to the date on which the Fund is intended to be terminated. The Fund Manager shall also notify CMA and announce on its website and Tadawul's about the expiry of the Fund within (10) days from the end of the Fund's term.

10.2.2. In the event that the term of the Fund expires (including any extension of the term of the Fund in accordance with these Terms and Conditions) without the Fund Manager completing the sale of the Fund assets during its term, the Fund Manager will liquidate the assets and distribute the dues to Unit Holders within a period not exceeding (6) months from the date of expiry of the Fund's term.

10.2.3. The Fund Manager shall obtain the approval of the Fund's Board of Directors on the plan and procedures for liquidating the fund before taking any action in this regard. The Fund Manager shall also notify CMA and announce on its website and Tadawul's about the completion of the liquidation of the Fund within (10) days from the end of the liquidation of the Fund.

- 10.2.4. The Fund Manager shall distribute the entitlements of the Unit Holders immediately upon the expiry of the Fund's term or its liquidation without delay and in a manner that does not conflict with the interest of the Unit Holders and the Terms and Conditions of the Fund. The Fund Manager shall also provide Unit Holders with a report on the termination of the Fund within a period not exceeding (70) days from the date of completion of the termination or liquidation of the Fund, including the final audited financial statements of the Fund for the period following the last audited annual financial statements.
- 10.3. CMA may remove the Fund Manager from the liquidation process if a special decision is issued for the Fund by the Fund Unit Holders, provided that a replacement liquidator shall be appointed at the same meeting in which the Unit Holders vote to remove the Fund Manager. In the event of removal of the Fund Manager from the liquidation process, the Fund Manager shall cooperate fully in transferring the liquidation responsibilities to the appointed liquidator and transfer to it all documents related to the Fund that enable it to complete the liquidation work within 20 days from the issuance of the CMA's decision to remove the Fund Manager and appoint a replacement liquidator. The Fund Manager shall also announce on its website and Tadawul's website in the event the CMA issues a decision to remove the Fund Manager and appoint a replacement liquidator.
- 10.4. In all cases, the Fund Manager shall notify CMA and announce on its website and the Tadawul's immediately and without any delay about any material events or developments during the Fund's liquidation.

## 11. Charges, Service Fees and Commissions

Subscription Fee	A subscription fee shall be deducted during the initial subscription period, to be payable to the Fund Manager and shall be paid by the investor for one time by maximum 1% of the total subscription amount and shall be deducted before purchasing the units.
Fund management fee	The Fund shall pay to the Fund Manager a management fee of 0.9% per annum from the net fair value of the Fund's assets, to be calculated on semi-annual basis and paid on semi-annual basis.
Board of Directors' fees*	SAR 22,000 annually as a maximum for all independent members, which is a remuneration for each independent member of five thousand Saudi riyals annually, in addition to three thousand Saudi riyals for attending each meeting, with a minimum of two meetings annually.

Custody fees	The Fund shall pay to the Custodian fees up to a maximum of 0.1% annually of the net fair value of the assets, to be paid on quarterly basis
Auditing fees*	SAR 35,000 per annum to be calculated and deducted on quarterly basis
Listing fees	The Fund shall pay to Tadawul the following listing fees:  Initial listing service (SAR 50,000)  Annual fee of 0.03% of the market value of the Fund, with minimum of SAR 50,000 and maximum of SAR 300,000)
Registration fees	The Fund shall pay to Tadawul the following registration fees:  Initial fee of SAR (50,000) fifty thousand in addition to (2) two riyals for each Unit Owner in the Fund with a maximum of SAR (500,000) five hundred thousand.  Annual fees of SAR (220,000) two hundred and twenty thousand, representing 0.19% of the Fund's capital
Regulatory fees *	SAR 7,500 per annum, to be calculated and accumulated daily and deducted on a quarterly basis.
Fees of Operating, Maintenance and Marketing Manager	4% per annum of the value of rents collected during the period and paid on an annual basis. The Fund will pay the cost of periodic maintenance of the Fund's properties.
Performance fees	The Fund Manager shall be entitled to performance fees according to the following conditions and detail:  The Fund Manager shall be entitled to performance fees of 5% of the value of the positive difference between the selling price of any property owned by the Fund and its purchase price. For example, if the Fund Manager sells any asset with a value exceeding its purchase value by ten million riyals, it shall be entitled to 5% of this amount.  If the Fund Manager decides to distribute the proceeds of selling any of the Fund's assets, the performance fees will be calculated and deducted as a provision before distributing the sale proceeds.  If any asset is sold for its purchase value or less, there will be no performance fees.

Valuation*	As per the prevailing market rates and with a maximum of SAR 30,000 per annum
Administrative fees	The Fund shall pay an administrative fee to cover direct expenses related to the Fund's business, including but not limited to the actual costs related to preparing prospectuses, reports and notices to investors, printing and distributing such prospectuses, reports, notices, remunerations for members of the Fund's board of directors, supervisory fees, external auditors, appraisers' fees and any other parties providing services for the Fund for example, but not limited to the Zakat Advisor, and any exceptional and other expenses such as liquidation expenses. The maximum fee mentioned above is 0.25% per annum of the net fair value of the assets.
VAT	<p>All fees and charges mentioned in these terms and conditions and/or any related documents do not include VAT unless otherwise stated.</p> <p>In the event that VAT is or may be imposed on any service provided to the Fund, the Fund will pay to the service provider (in addition to any other fees or expenses) a sum equal to the value recorded for this tax on the VAT invoice of the relevant service.</p> <p>In the event that value-added tax is or may be imposed on any service provided by the Fund, the customer will pay to the Fund (in addition to any other fees or expenses) a sum equal to the value of VAT.</p>
Zakat	The Fund Manager will not be responsible for paying any zakat on behalf of unit owners, and each unit owner must pay his own zakat arising from his ownership of the units. The Fund Manager also undertakes to provide the Zakat, Income and Customs Authority with all reports and requirements regarding zakat declarations. The Fund Manager will also provide unit owners with zakat declarations. When requested in accordance with the rules, taxpayers subject to the provisions of these rules who own investment units in the fund are required to calculate and pay zakat on these investments. The rules of the Zakat Authority can also be viewed through the website: <a href="https://zatca.gov.sa/ar/Pages/default.aspx">https://zatca.gov.sa/ar/Pages/default.aspx</a>



Fund's costs to the total value of the Fund's assets	0.82% (as at 31/12/2021G)
It should also be noted that the Fund Manager shall have the right to deduct the fees, charges for services, commissions, and management fees mentioned above, or to waive them as the Fund Manager deems appropriate.	

\* Amounts to a maximum of 0.25% per annum of the net asset value.

Ratio of Fund costs to the Fund assets value and default investment of the Unit Holders:

Actual fees of 2020 (SAR)			
Type of fee	Amount	AVG NAV%	Expense of 10,000 SAR investment
Custody fees	50,000	0.05%	1.22
Management fees	883,888	0.81%	21.51
Operating Manager fees	265,382	0.24%	6.46
Valuation fees	14,200	0.01%	0.35
Registration fees	220,000	0.20%	5.35
Listing fees	50,000	0.05%	1.22
Auditor fees	35,096	0.03%	0.85
Regulatory fees	7,500	0.01%	0.18
Fund's Board of Directors' fees	22,000	0.02%	0.54
Depreciation fees	928,891	0.85%	22.60
Depository fees	-	0.00%	-
Value added fees	148,021	0.14%	3.60
Type of fee	Amount	Average NAV %	hypothetical investment expense of SAR 10,000
Dealing expenses	-	0.00%	-

#### Fees Calculation Method

Fee Type	Charged Percentage	Charged Amount	Method of Calculation	Frequency of Payment
Subscription fees	Maximum 1%	-	Of the subscription amount	Once upon subscription
Management fees	0.9% annually	-	Calculated semi-annual	Paid semi-annual
Fund's board of directors fees	-	SAR 5,000 for each independent member paid annually in addition to Three Thousand Saudi Riyals towards	Calculated daily	Paid quarterly

		attendance fees per meeting by two meetings minimum annually		
Custodian fees	0.1% annually of net value of assets	-	Calculated quarterly	Paid quarterly
Auditing fees	SAR 35,000 annually	-	Calculated quarterly	Paid quarterly
Listing fees	0.03% annually of the Fund's market value, with minimum (SAR 50,000) and maximum (SAR 300,000)	Initial listing service (SAR 50,000)	Initial listing service calculated upon incorporation  Annual fees calculated quarterly	Initial listing service paid once upon incorporation  Annual fees paid annually
Registration fees	-	Initial fee of (SAR 50,000) in addition to SAR (2) per a Unitholder in the Fund with maximum SAR (500,000)  Annual fees of SAR (220,000)	Initial fee calculated upon incorporation  Annual fees calculated quarterly	Initial fee paid once upon incorporation  Annual fees paid annually
Regulatory fees		SAR 7,500 annually	Calculated and accumulated daily	Deducted quarterly
Operation, maintenance and marketing manager fees	4% annually from the rental value collected during the period. The Fund will pay the cost of periodic maintenance of the Fund's properties.	-	Calculated quarterly	Paid annually
Performance fees	The Fund Manager is entitled to performance fees at 5% from the value positive difference between the sale price of any property owned by		If the Fund Manager decided to distribute the proceeds of the sale of any of the Fund's assets, the performance fees shall be calculated and deducted as provision before	Upon the sale of any of the Fund's assets

	the Fund and its purchase price		distributing the sale proceeds.	
Valuation	-	Maximum SAR 30,000 annually	Calculated quarterly	Paid semi-annually

The fees mentioned in the above Clause includes all fees charged on the Fund. The Fund Manager shall pay any fees not mentioned.

## 12. Insurance

The Fund Manager may conclude a cooperative insurance contract in accordance with Shari'ah standards for each Fund asset. The currently concluded lease contracts oblige tenants to provide cooperative insurance or cover compensation that might arise from damage and accompanying damage to real estate.

## 13. Assets of the Fund

### 13.1. Registration of the Fund Assets

13.1.1. Title deeds shall be registered in the name of the Custodian (Alinma Investment), any affiliated company thereto, in the name of the funder bank, company associated with the funder bank if a fund is procured or in the name of a person associated with the entity licenced to provide loans that has provided the Fund with a loan.

13.1.2. Assets of the Fund are jointly owned by Investors (joint ownership). The Fund Manager, sub-Fund Manager, Custodian, sub-custodian, advisor or distributor shall have any interest or claim in the Fund assets only if the Fund Manager, sub-Fund Manager, Custodian, sub-custodian, advisor or distributor owned the Fund units within their ownerships.

### 13.2. Valuers Summary and Valuation Method

13.2.1. The Fund assets has been valued upon purchase as per average pricing by three independent valuers from the key members of TAQEEM, which are Century 21 Saudi Arabia, Advanced Developers Co. and Nojoom Alsalam Company. The valuation is conducted in accordance with the terms and conditions of Aljazira Mawten Real Estate Income fund, the former owner of the assets.

13.2.2. Fund's assets shall be evaluated based on the net value of its assets. Fund assets net value is defined as the value of valuating the Fund's assets and cash minus the value and cost of financing and all the fees and costs due till the end of the working hours of the date of evaluation, whether they are paid or recorded as due fees and charges. The price per asset unit shall be calculated by deducting the total Fund's

liabilities from its total assets, then dividing the result by the number of Fund's units existing at the day of concerned evaluation for the purpose of issuing a guiding price for unit.

13.2.3. The Fund Manager shall, prior to purchase or sell of any Fund asset, obtain a valuation of two accredited and independent valuers from any related parties; they must have obtained the fellowship of the Saudi Authority for Accredited Valuers and have the experience, integrity, and knowledge of the real estate activity and the area subject of investment, and that the valuation reports have been prepared at a maximum of three months in advance.

13.2.4. The current price evaluation of the Fund assets is SAR 118,000,000 (One hundred and eighteen million Saudi Riyals).

13.2.5. The Fund Manager shall evaluate its assets based on the evaluation of two certified valuers at least every six months, provided that the valuers' reports shall be immediately published on the Fund Manager's website and on Tadawul website and provided that such reports must include evaluation of the market leases.

### 13.3. Announcing Net Asset Value per Unit

The indicative price of the unit is announced every six months following valuation on the Fund's website or Tadawul website.

### 13.4. Real Estate Valuation Data upon Purchase as in Valuers' Reports

Real Estate	Khumra Warehouses		
Valuers	Century 21 Saudi Arabia	Advanced Developers Co.	Nojoom Alsalam Company
Valuation Report Date	09/10/2016	10/10/2016	01/10/2016
Valuation Amount	SAR 117,699,523.00	SAR 117,550,114	SAR 119,377,459.5
Valuation Rate	(118,000,000) one hundred and eighteen million Saudi Riyals		
Purchase Price	(118,000,000) one hundred and eighteen million Saudi Riyals – with no commission		

## 14. Fund Board of Directors

### 14.1. Board Members:

The management of the Fund shall be supervised by a Board of Directors to be appointed by the Fund Manager. The Board consists of three members, including two independent members to be appointed by the Fund Manager for one year renewable automatically. The Board shall convene at least twice a year and consists of the following members:

14.1.1. Mr. Bandar Abdulaziz Al-Hogail (Member – Non-Independent)

Al-Hogail is the Manager of the Real Estate Funds, Asset Department of Aljazira Capital. He has fifteen years of experience, of which he worked twelve years in assets management. He worked for two years in Al Rajhi Capital as a Financial Analyst. His work included covering various sectors of the local stock market, focusing on real estate and cement sectors. He also worked for ten years as the manager of real estate funds of Aljazira Capital Markets. He holds MBA in financial management and banks from Bangor University, Britain.

14.1.2. Eng. Fahad Mohammed Al Jarallah (Member - Independent)

Eng. Fahad Al Jaralla holds a Bachelor Degree in Civil Engineering from King Saud University in Riyadh. He has extensive experience in project management and construction, since he previously worked as a Project Manager at Al Akaria, STC, and NASCO/Motorola. He managed several projects, on top of which is constructing the residential units of the Diplomatic District in Riyadh and Al Akaria Compound 3. He also managed the construction of Almuaykalyah Center in Riyadh. He has been working since 2012 as Chief Deputy for Operations and Projects at Tatweer Buildings Company.

14.1.3. Mr. Abdulaziz Al-Tuwajiri (Member-Independent)

Mr. Abdulaziz holds a Master equivalent high diploma in Advanced Banking Studies, from Institute of Public Administration, Riyadh. He has more than twenty years of experience in banking and investment through his work in SAMA as a Deputy Chief of Banking Inspection and in the Capital Market Authority in the Investor Awareness Department. He has extensive knowledge and experience in diverse branches of management, investment, and real estate development. He currently manages several family investments in the field of development of residential projects in Riyadh.

14.2. Total Compensations Expected to be Paid to Board Members

Each individual member shall receive an annual compensation of five thousand Saudi Riyals in addition to an amount of three thousand Saudi Riyals as an allowance for attending each meeting.

14.3. Description of Services Provided by Board Members

Duties and responsibilities of board members include:

- 14.3.1. Approve all contracts, decisions, and material reports, in which the Fund is a party, including but not limited to, approving the Fund service provision contracts and custody services provision contracts, except for contracts concluded as per investment decisions concerning any investments made or to be made by the Fund in future;

- 14.3.2. Review the report including the evaluation of performance and quality of services provided by parties concerned with the provision of material services to the Fund in order to make sure that the Fund Manager performs his responsibilities in a way that serves the interest of Unit Holders as per the terms and conditions of the Fund and Real Estate Investment Funds Regulations;
  - 14.3.3. Approve a written policy regarding the voting rights related to the Fund assets;
  - 14.3.4. Supervise, whenever applicable, approving or certifying any conflict of interests disclosed by the Fund Manager;
  - 14.3.5. Meet at least twice with the compliance officer and/ or compliance committee of the Fund Manager in order to review the compliance of the Fund with all relevant laws and regulations;
  - 14.3.6. Approve fundamental and non-fundamental changes prescribed in the Real Estate Investment Funds Regulations before the Fund Manager obtains the approval of the Unit Holders and CMA or notifying them, when applicable;
  - 14.3.7. Ensure the completeness and accuracy of the terms and conditions of the Fund and any other document (either a contract or otherwise) including disclosures related to the Fund, Fund Manager and its management; and verifying the compliance of the above with the Real Estate Investment Funds Regulations;
  - 14.3.8. Ensure that the Fund Manager observes its responsibilities in a way that serves the interest of the Unit Holders as per the provisions of the Real Estate Investment Funds Regulations and the terms and conditions of the Fund;
  - 14.3.9. Evaluate the mechanism of the Fund Manager of dealing with the risks related to the Fund's assets as per the policies and procedures of the Fund Manager for monitoring and method of dealing with the risks of the Fund;
  - 14.3.10. Work honestly, in good faith, attention, skill, care and diligence and in a way that serves the interests of the Unit Holders;
  - 14.3.11. Record meeting minutes including all facts of the meetings and decisions taken by the Fund's board of directors;
  - 14.3.12. Review the report including all complaints and procedures taken therein in order to make sure that the Fund Manager performs its responsibilities in a way that serves the interest of Unit Holders as per these terms and conditions and provisions of the Real Estate Investment Funds Regulations.
- 14.4. Other Investment Funds Supervised by Board Members

Bandar Al-Hogail (Non-Independent)	Eng. Fahad Al Jarallah (Independent)	Mr. Abdulaziz Al- Tuwajiri (Independent)
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Aljazira International Equities Fund	-	Member	Member
Aljazira European Equities Fund	-	Member	Member
Aljazira Japanese Equities Fund	-	Member	Member
Aljazira Saudi Equities Fund	-	Member	Member
Aljazira Saudi Riyal Murabaha Fund	-	Member	Member
Aljazira Global Emerging Markets Fund	-	Member	Member
Aljazira Asset Allocation Fund – Growth Strategy	-	Member	Member
Aljazira Asset Allocation Fund – Moderate Strategy	-	Member	Member
Aljazira Asset Allocation Fund - Conservative Fund	-	Member	Member
Aljazira GCC Incom Fund	-	Member	Member
Aljazira REIT Fund	Member	Member	Member
Aljazira USD Murabaha Fund	-	Member	Member
Aljazira Sukuk Fund	-	Member	Member

#### 14.5. Declaration by the Fund Manager regarding Qualification Requirements

The Fund Manager declares that all board members of the Fund meet the following qualification requirements:

- 14.5.1. Is not bankrupt or subject to any bankruptcy or insolvency proceedings;
- 14.5.2. Has never committed any violation involving fraud or breach of integrity and honesty;
- 14.5.3. Has the required skills and options.

#### 14.6. Declaration by the Fund Manager regarding the Independent Board Member

The Fund Manager declares that the independent board members of the Fund fall under the definition “an independent board member of the Fund” set out in the glossary of terms used in the CMA regulations and rules.

## 15. Fund Manager

15.1. The Fund Manager is Aljazira Capital; its main address is: P. O. Box 20438 Riyadh 11455, Saudi Arabia, Telephone: 0112256000, Fax: 0112256068. website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa).

15.2. The Fund Manager is authorized by CMA by virtue of the Authorized Persons Regulations and decision no. 2-38-2007 dated 8-7-1428 H corresponding to 22-07-2007, pursuant to license no. 27-07076, to practice business as a principal and an agent, undertaking to cover, manage, arrange, provide consultation, and reservation in the business of securities. A permission to practice business was obtained on 28-03-1429 H corresponding to 05-04-2008.

### 15.3. Fund Manager's Letter on Professional Care Report

Not Applicable

15.4. Fund Manager duties include, but are not limited to, undertaking financial business case study for any project; recommending operation, maintenance and marketing managers; obtaining the approval of the Fund Board on all the substantial decisions; and issuing regular reports to the Investors.

### 15.5. Provisions Regulating Dismissal and Replacement of the Fund Manager

CMA may dismiss the Fund Manager and take any action, it deems appropriate, to appoint an alternative Fund Manager in any of the following cases:

- 15.5.1. The Fund Manager has stopped practicing the activity of investment management and funds operation without notifying CMA by virtue of the Capital Market Institutions Regulations.
  - 15.5.2. The license of the Fund Manager for practicing the activity of investments management and operating of funds has been cancelled, withdrawn or suspended by CMA.
  - 15.5.3. A request is submitted to CMA by the Fund Manager to cancel its license for practicing the activity of investments management and operating of funds.
  - 15.5.4. If CMA has found out that the Fund Manager has materially breached the obligations set out in the law or executive regulations thereof.
  - 15.5.5. In case of death, disability or resignation of the portfolio manager who manages the assets of the Fund and if there is no other person registered with the Fund Manager who can manage the Fund or its assets managed by the portfolio manager.
  - 15.5.6. If a special decision of the Fund is issued by the Unit Holders whereby they request the CMA for dismissing the Fund Manager.
  - 15.5.7. Any other case, which the CMA finds, based on reasonable basis, that it has material importance.
- 15.6. Any business activity or other important interest of the Board members or the Fund Manager that may conflict with the interests of the Fund
- Until the date of preparing the terms and conditions herein, there is no conflict of interests between the Fund's interests and those of the Board of Directors and the Fund Manager.



15.7. Any substantial conflict of interests that may affect the Fund Manager's performance and duties to the Fund

Until the date of preparing the terms and conditions herein, there is no conflict of interests for the Fund Manager that might affect carrying out its obligations towards the Fund. In the event of existence, and thinking of existence, of any conflict of interests during the Fund term, the Fund Manager shall notify the Board of Directors and work to resolve such conflict on grounds that are fair to all parties.

15.8. Any function or authority related to the work of the Fund that the Fund Manager entrusts to a third party

The Fund Manager may, after obtaining the approval of the Board of Directors, change, amend or reappoint service providers, including, but are not limited to, investment consultants, the Custodian, auditors, and Shar'iah supervisory service providers.

15.9. Fund Manager's Investment in the Fund Units

15.9.1. The Fund Manager will not invest in the Fund during the initial offering.

15.9.2. Companies owned by Bank Aljazira may subscribe to the Fund during the initial subscription period. The same terms and conditions of Investors' subscriptions shall apply to those of the companies owned by Bank Aljazira. The investments of the companies owned by the Fund Managers shall be disclosed in the annual financial statements of the Fund and in the summary of the financial disclosure, at the end of each year.

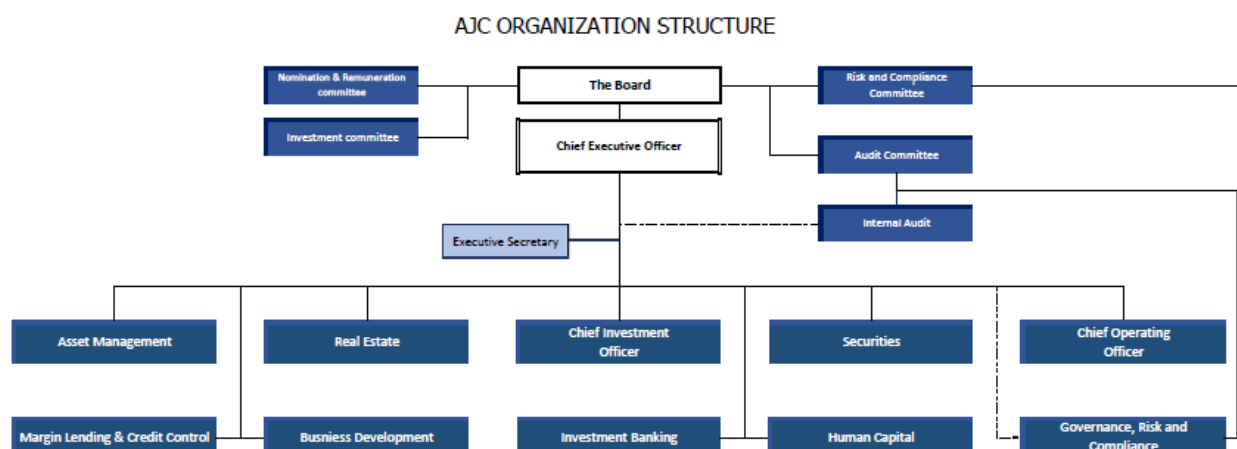
15.10. The Fund Manager shall not be held accountable for any law suits or claims whatsoever related to any loss of opportunity, actual loss, or any loss incurred by the Investors, with the exception of cases of negligence, aggression, misconduct, or illegitimate action by the Fund Manager.

15.11. Overview on the Fund Manager and Total Value of Assets under Management

15.11.1. Aljazira Capital has broad experience in the capital market instruments and products in compliance with CMA laws and regulations. Aljazira Capital has successfully launched a number of local and international funds within the past ten years including equities funds, fixed income funds, money market funds, real estate funds and real estate investment traded funds.

15.11.2. In addition to the products submitted by the assets management and real estate investment team in Aljazira Capital, CIO Office provides clients with investment solutions, which are designed as per the needs of each client.

15.11.3. The size of managed assets for Aljazira Capital as of Q2-2023 is up to SAR 12.07 Billion and Aljazira Capital manages 13 public investment funds.



## 16. Legal Adviser

Not Applicable

## 17. Custodian

17.1. Custodian of the Fund assets is Alinma Investment, holding CMA license no. 37-09134. Its main address and headquarters at: P. O. Box 66333 Riyadh 11576, Saudi Arabia, Telephone: 0112185969, Fax: 0112185970

17.2. Functions, Duties and Responsibilities of the Custodian

Duties of the Custodian include:

17.2.1. Independently separate assets of the Fund from any other assets. The ownership deed shall be registered in the name of a company affiliated to the Custodian, the financing bank, a company affiliated to financing bank or in the name of a person affiliated to an entity authorized to provide loans that provided a loan in the interest of the Fund. The Board of Directors reserves the right to change the Custodian after obtaining the CMA approval.

17.2.2. Keep a detailed record of any change in the ownership and investments in the Fund assets. The Custodian shall provide the necessary documents required from the Fund Manager to enable it to control the Fund's investments.

17.2.3. Responsibilities of the Custodian include keeping records, calculating the net value of assets and transferring money.

17.2.4. The Custodian is entitled to establishing special-purpose company in the interest of the Fund. The company's type, establishing its procedures, contracts, articles of association and by-laws shall be defined by the Board. The Custodian may through itself and/or through the company established for the interest of the Fund, following the approval of the Board, approve and sign all financing contract, facilities agreement, contracts, templates, documents, manuscripts, financing ceiling, installments, fees and charges, profits, costs, commitments, terms of use, installments, and payments; and provide all guarantees, data, reports, and rights; and execute agreements and obligations; and extend the facilities agreements, amend and add supplements thereto; and the financing format, promissory notes, and to mortgage deeds, lands and selling proceedings and any other assets owned by the Fund and using the same as a guarantee that may be used by the financiers in case of payment default.

### 17.3. Functions Assigned by the Custodian to a Third Party

Subject to the Real Estate Investment Funds Regulations, the custodian may assign one or more third parties or any of its affiliates to work as a sub-custodian. The custodian shall pay, on its own, the fees and expenses of any sub-custodian. It is worth mentioning that the custodian shall be responsible whether directly or by assigning a third party by virtue of the provisions of the Investment Funds Regulations and Capital Market Institutions Regulations.

### 17.4. Provisions Regulating Dismissal or Replacement of the Custodian

17.4.1. CMA may dismiss the custodian appointed by the Fund Manager or take any action, it deems appropriate, in any of the following cases:

17.4.1.1. The custodian has stopped practicing the activity of custody without notifying CMA by virtue of the Capital Market Institutions Regulations.

17.4.1.2. The license of the custodian for practicing the activity custodian has been cancelled, withdrawn or suspended by CMA.

17.4.1.3. A request is submitted to CMA by the custodian to cancel its license for practicing the activity of custodianship.

17.4.1.4. If CMA has found out that the custodian has materially breached the obligations set out in the law or implementing regulations thereof.

17.4.1.5. Any other case, which CMA finds, based on reasonable basis, that it has material importance.

17.4.2. The Fund Manager may dismiss the custodian it has appointed as per a written notice if it reasonably finds that the dismissal of the custodian serves the interest of Unit Owners. The Fund Manager shall notify CMA in writing and post the same on its website and CMA's.

17.4.3. In case of dismissing the custodian, the Fund Manager will appoint an alternative within (30) days as of the custodian receives the above-mentioned written notice. The dismissed custodian must fully cooperate with the Fund Manager to facilitate the smooth handover of responsibilities to the alternative custodian.

17.4.4. The dismissed custodian shall transfer all the Fund-related contracts to the alternative custodian and transfer all assets of such entity determined by the Fund Manager.

## **18. The company that carries out Property Managements**

18.1. Star Link Real Estate is the OMM Manager of Al Khumra Warehouse Project; telephone no. 920005963; fax: 966126553846, Saudi Arabia, P.O Box 20179 Jeddah 21413 Prince Sultan Street, North of Al Tareekh Roundabout, Al Sultana Tower, Second Floor, Office no. 4  
Website: [www.starlink.co](http://www.starlink.co)

18.2. A company shall be appointed to carry out property management of each property owned by the Fund. The Board, following CMA approval, may amend or change the contract when the company responsible for real estate management and marketing fails to fulfill its duties.

18.3. Functions, Duties and Responsibilities of the Property Manager

As per the concluded contract, Star Link Real Estate responsibilities include:

18.3.1. Operating warehouse facilities and the annexes thereto regularly, following up on collecting the lease amounts, and conducting the day-to-day management of the warehouses.

18.3.2. Supervising the correctional and regular scheduled protective maintenance.

18.3.3. Marketing warehouses by finding new tenants in case of any vacancy, and marketing warehouses upon sale according to the conditions determined in writing by the Fund Manager, at the end of the Fund or upon the request of the Fund Manager.

18.4. Investment by the Company that Carries out the Property Managements in the Fund Units

The company that carries out the property managements will not invest in the Fund during the initial offering period.

## **19. Auditor**

19.1. The Fund's auditor is PKF Al Bassam & Co., with its main office at: Prince Mohammed bin Abdulaziz Street (Tahlia), Sulaimaniyah District, Riyadh, KSA. Telephone: +96612065333. Fax: +96612065444, website: [www.pkf.com](http://www.pkf.com)

19.2. Determining Functions, Duties and Responsibilities of the Auditor

Functions, duties and responsibilities of the auditor include:

- 19.2.1. Identify and evaluate the accounting systems and internal controls systems;
- 19.2.2. Fully understand the applicable accounting systems and perusing the reports prepared by the Fund;
- 19.2.3. Evaluate the applicable internal control systems and conducting the required tests to ensure their efficiency and effectiveness;
- 19.2.4. Review the financial statements and basis of preparation thereof in order to determine the important and effective items;
- 19.2.5. Carry out tests and reviewing operations made to the appropriate extent to verify the integrity and validity of relevant accounts;
- 19.2.6. Review interim (semi-annual) financial statements of the Fund;
- 19.2.7. Review annual financial statements of the Fund.

## **20. Financial Statements**

- 20.1. The Fund Manager shall, until the Fund expires, continuously prepare the initial and annual financial statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).
- 20.2. The Fund Manager shall, through electronic applications chosen by CMA, announce the initial and annual financial statements upon approval, after the end of the first half of fiscal year for the initial financial statements and the end of the first fiscal year of the Fund regarding the audited annual financial statements. Such statements shall be available for Investors without any fee.
- 20.3. The Fund Manager shall make the initial financial reports publicly available after examining them according to the accounting and auditing standards issued by SOCPA, without any return, within maximum 30 days of the end of the initial report period, at the website of the Fund Manager and at Tadawul's website.
- 20.4. The Fund Manager shall make the annual financial reports audited according to the accounting and auditing standards issued by SOCPA available to the public, without any return, within maximum 3 months of the end of the report period, at the website of the Fund Manager and at Tadawul's website.
- 20.5. The fiscal year of the Fund starts on 1/1 and ends on 31/12 of each calendar year. The first initial financial statement shall be issued at the end of the half of the first fiscal year of the Fund, and the first audited financial statement at the end of the Fund's fiscal year.

## **21. Conflict of Interests**

Up to the date of preparing the terms and conditions herein, there are no transactions that include conflict of interests between the Fund's interests and those of the Fund's Board, Fund Manager, Operation, Maintenance, and Marketing Manager, or any other parties. The Fund Manager shall avoid any conflict of interests that might emerge between the Fund Manager's or any other related parties' interests and those of the Fund Investors, by giving the priority to the interests of the Investors over those of the Fund Manager or the other related parties, and by making sure that equality is observed in the Investors' interests. In case of any transactions that include potential conflict of interests, the Fund Manager shall disclose the same to the Board to make a decision thereon. Upon request, the Investors will be provided for free with the procedures to address the conflict of interests.

#### 21.1. Cases that Involve Potential Conflict of Interests

- Board of Directors of Mawten Real Estate Income Fund

Fund Board of Directors shall consist of four members, three of which are members of the Board of Aljazira Mawten for Real Estate Income Fund, whose assets were acquired. Until Aljazira Mawten for Real Estate Income Fund is finished, the Fund Manager shall disclose any state that include potential conflict of interests resulting from the fact that the Board of Directors' representations of the Investors' interests in both Funds.

- Transactions with Related Parties

It is unlikely that the Fund enters currently in transactions with the related parties. In case such thing happens in the future, the Fund Manager shall disclose such transactions to the Board and the Authority and announce the same at Tadawul website after taking all the necessary approvals thereon.

21.2. The value of the loan on Aljazira Mawten Real Estate Income Fund shall be paid to the loaner bank (Bank Aljazira), since Aljazira REIT Fund will not depend on financing at this stage. When approving obtaining financing, the unit holders' interests will be taken into account. In addition, obtaining the best financing conditions from any financing entities will be considered, without excluding Bank Aljazira, to ensure serving the interests of the unit holders.

## 22. Reporting to Unit Holders

22.1. The Fund Manager shall issue a quarterly statement on the website of the Fund Manager and Tadawul's website, including the following:

22.1.1. Unit price by the end of the quarter.

22.1.2. Lease income on the unit price.

22.1.3. Percentage of overall costs and fees.

22.1.4. Performance of unit price.

- 22.1.5. A list of the names, percentage and occupancy rate of real estates in the Fund's portfolio.
- 22.1.6. Net value of the Fund assets.
- 22.1.7. Percentage of borrowing from the total value of Fund assets.
- 22.1.8. Percentage of Fund costs to the total value of Fund assets.
- 22.1.9. Net value of the Fund unit assets
- 22.1.10. Any fundamental or non-fundamental changes that affect the Fund business.
- 22.1.11. A statement of the profits distributed to the Investors.
- 22.2. The Fund Manager shall prepare and issue an annual report on the website of the Fund Manager and Tadawul's website, within a maximum of 3 months, including the following:
  - 22.2.1. The assets in which the Fund invests.
  - 22.2.2. The assets the Fund aims to invest in, if any.
  - 22.2.3. A clarification of the percentage of leased and non-leased real estates to the total owned real estates.
  - 22.2.4. Lease percentage for each of the fund assets compared to total lease value.
  - 22.2.5. Percentage of uncollected revenues out of total revenues, and percentage of non-cash expenses out of net profits
  - 22.2.6. A comparison table covering Fund's performance during the last three fiscal years (or since the establishment of the Fund), showing:
    - 22.2.6.1. Net value of the Fund assets at the end of every fiscal year.
    - 22.2.6.2. Net value of the Fund assets per unit at the end of every fiscal year.
    - 22.2.6.3. The highest and lowest net value of the Fund assets per unit at the end of each fiscal year.
    - 22.2.6.4. The number of issued units at the end of each fiscal year.
    - 22.2.6.5. Distribution of income for each unit.
    - 22.2.6.6. Percentage of charges incurred by the Fund.
    - 22.2.6.7. Percentage of borrowed assets compared to total assets.
  - 22.2.7. Performance record covering:
    - 22.2.7.1. The total revenue for one, three, and five years (or since establishment).

- 22.2.7.2. The total annual revenue for each of the last ten fiscal years (or since establishment).
- 22.2.7.3. A table showing the value of services, commissions, and fees incurred by the Fund to external parties throughout the year. Total percentage of costs, and whether there are any circumstances in which the Fund Manager decides to discount or exempt from fees.
- 22.3. Any fundamental and non-fundamental changes that happened during the term and affected the performance of the Fund.
- 22.4. An annual report approved by the Board, providing that it includes, but is not limited to, the topics discussed and the resolutions resulted therefrom, including the Fund performance and the extent of achieving its goals.
- 22.5. A statement on the special commissions received by the Fund Manager during the term, clearly stating their nature and how they were used.
- 22.6. Risk Assessment Report

### **23. Meeting of Unit Holder**

- 23.1. Circumstances in which a meeting of Unitholders is called
  - 23.1.1. The Fund manager has the right to call an investor meeting on his own initiative.
  - 23.1.2. The Fund manager calls for an investor meeting within 10 days of receiving a written request from the custodian.
  - 23.1.3. The Fund manager calls for an investor meeting within 10 days of receiving a written request from one or more owners representing the investors who collectively or individually own at least 25% of the value of the Fund units.
- 23.2. Procedures for Convening a Unitholders Meeting and Minimum Quorum
  - 23.2.1. The invitation to hold an investor meeting shall be made by announcing this on the website of the Fund manager and the website of Tadawul, and by sending a written notice to the custodian for a period of not less than 10 days and not more than 21 days before the date of the meeting, provided that the date, place and time of the meeting and the proposed decisions are clarified in each of the notice and announcement, on the condition that a copy of that notice is sent to CMA immediately and without delay.
  - 23.2.2. An investor meeting is not valid unless attended by a number of investors who collectively own at least 25% of the value of the Fund units.



- 23.2.3. If the quorum indicated above is not met, the Fund manager must call for a second meeting by announcing this on its website and Tadawul's website along with sending a written notice to the custodian not less than 5 days before the date of the second meeting. The second meeting is considered valid regardless of the percentage of ownership of the units represented in the meeting.
- 23.2.4. When preparing the agenda of the Unit Holders meeting, the Fund Manager must take into consideration the matters, which the Unit Holders wish to enumerate. The Unit Holders, holding at least (10%) of the value of units in the Fund, are entitled to add one or more matters to the agenda of the Unit Holders meeting, provided that the proposed matter does not overlap with the responsibilities and duties of the Fund Manager by virtue of the provisions of the Real Estate Investment Funds Regulations.
- 23.2.5. The Fund Manager may amend the agenda of the Unit Holders meeting within the notice period, provided that it is posted in its website and the website of the Saudi Stock Exchange (Tadawul). The Fund Manager shall send a written notice to the Custodian at least (10) days and maximum twenty-one (21) days prior to the meeting.

### 23.3. Voting Method of Unit Holders and Voting Rights at Unit Owners Meetings

- 23.3.1. Each investor may appoint a delegate to represent him at the investor meeting.
- 23.3.2. Each investor may cast one vote in an investor meeting for every unit he owns at the time of the meeting.
- 23.3.3. It is permissible to hold investor meetings, participate in their deliberations and vote on its decisions by means of modern technology in accordance with the controls set by CMA.
- 23.3.4. The decision shall be enforceable with the approval of the investors whose ownership percentage represents more than 50% or more than 75% (where applicable) of the total units whose owners are present at the investor meeting, whether their attendance is in person, by delegate or by means of modern technology.
- 23.3.5. Major unit Holders are not permitted to vote at a meeting of unit Holders on the decision related to the acquisition of real estate assets of which ownership or benefit pertains to them.

## 24. Rights of Unit Holders

- 24.1. Investors who collectively or separately own at least 25% of the value of the Fund units have the right to call for a meeting of unit Holders.

- 24.2. Each investor has the right to cast one vote for every unit he owns in the Unitholders meeting vote.
- 24.3. Each owner of voting units has the right to accept or reject any proposed fundamental change to the Fund

## **25. Other Information**

### **25.1. Complaint Procedures**

A copy of the Fund manager's policy and approved procedures for handling complaints can be obtained upon request, free of charge, through one of the Company's centers. In the event that a settlement of the complaint is not reached or a response is not made within (30) working days, the subscriber has the right to file his complaint with the Capital Market Authority, Investor Complaint Department, and the subscriber has the right to file the complaint with the Committee for the Resolution of Securities Disputes after a period of (90) days from the date of filing the complaint with the Authority, unless the Authority notifies the applicant of the complaint that it may be deposited with the Committee before the expiration of the period.

### **25.2. Compliance with the Real Estate Investment Funds Regulations**

These terms and conditions and all other documents related to this fund are in conformity with the provisions of the Real estate Investment Funds regulations and the instructions for real estate investment traded funds and include accurate, fair and correct data and disclosures of all essential information and facts related to REIT.

### **25.3. Power of Attorney**

25.3.1. The investor hereby appoints the Fund manager an authorized agent with full authority to delegate and the right to represent him, sign and present any documents that the Fund manager deems necessary to acquire, transfer and sell the Fund's assets, invest any cash with the Fund, or to perform any of the Fund manager's obligations related to the Fund.

25.3.2. Any document to be signed under this POA can be signed by an authorized official by the Fund manager.

25.3.3. The investor agrees to sign, delegate or authorize someone to sign on his behalf all the necessary documents and exhibits falling within his competence in order to enforce these terms and conditions, especially this Clause.

#### **25.3.4. Zakat Advisor**

Deloitte and Touche & Co.  
P.O. Box: 213, Riyadh 11411  
KSA

Tel.:+966 (0) 11282 8400  
Fax: +966 (0) 11293 0880  
www.deloitte.com

Zakat Advisor scope of work include:

- Register the Fund with the Zakat, Tax and Customs Authority (“ZATCA”) for Zakat.
- Preparing and submitting the Zakat Information Return.

## **26. Shar’iah Supervisory Committee**

### **26.1. Names and Qualifications of Shar’iah Committee Members**

The Fund manager appoints the Shari’ah Committee of Al Jazira Capital. The Sharia Committee monitors the business, operations, investments and financing related to the fund to ensure compliance and adherence to Sharia standards and controls. The Shari’ah Board of Aljazira Capital is composed of the following members:

#### **26.1.1 Sheikh Abdullah bin Mohammed Al-Mutlaq**

Ph.D. in Islamic Fiqh and was a professor of comparative jurisprudence at the Higher Judicial Institute at Al-Imam Mohammad Ibn Saud Islamic University. He has written a lot on the topic of insurance and many papers and research articles. Member of the Council of Senior Scholars in the Kingdom and the Permanent Committee for Ifta therein, and an advisor at the Royal Court. Member of several Shari’ah committees in a number of banks.

#### **26.1.2 Sheikh Dr. Mohamed Ali Elgari**

Professor of Islamic Economics and former director of the Islamic Economics Research Center at King Abdulaziz University. Member of the Sharia’a Board in the Standards Organization and Sharia’a Supervisory Boards in several Islamic banks. Author of numerous publications and research papers in Islamic economics and banking.

#### **26.1.3 Sheikh Lahem bin Hamad Al-Nasser**

Holds a Bachelor’s degree in General Sharia, Faculty of Sharia, Imam Muhammad bin Saud Islamic University. He currently holds a number of positions, including Vice President of the Sharia Group, Bank Aljazira, Vice President of the Sharia Group, Jadwa Company, and Advisor to the Executive Management of King Faisal Specialist Hospital. He is also a member of several committees for a number of companies and associations.

### **26.2 Roles and Responsibilities of Shar’iah Supervisory Committee**

The roles and responsibilities of the Shari’ah Supervisory Committee include the following:

- 26.2.1 Study and review investment objectives and policies along with the documents of the Fund to verify their conformity with Shariah standards and controls;**

26.2.2 Periodic Shari'ah supervision of the Fund;

26.2.3 Set the required Shariah standards and controls of the works, operations and investments of the Fund and relevant finance.

26.3 Details of Remunerations to the Shari'ah Supervisory Committee Members

The Fund Manager shall pay the remunerations of the Shariah Committee.

## **27. Characteristics of Units**

The Fund consists of one class of units.

## **28. Amendment to the Fund Terms and Conditions**

28.1. The Fund Manager shall obtain approval of the Unit Holders in the Fund by virtue of the Fund special or ordinary decision (when applicable) to any fundamental change proposed for the Fund.

28.2. Following approval of the Unit Holders as per the previous paragraph, the Fund Manager shall obtain the approval of CMA on the fundamental change proposed for the Fund.

28.3. The Fund Manager shall publish the details of fundamental changes on its website and Tadawul's 10 days prior to the change coming into force.

28.4. The Fund Manager shall notify CMA and publish details of non-fundamental changes on both its website and Tadawul's or by any other means as determined by CMA 10 days prior to the change coming into force.

28.5. The Fund Manager shall obtain the approval of the Fund Board of Directors prior to making any fundamental or non-fundamental change.

28.6. The Fund Manager shall include the details of fundamental and non-fundamental changes on the Fund reports.

## **29. Declarations of the Fund Manager**

29.1. The Fund Manager shall declare that the terms and conditions of Aljazira REIT Fund are prepared as per the Real Estate Investment Funds Regulations issued by CMA.

29.2. After carrying out all reasonable inspections, the Fund Manager shall, as per its knowledge and belief, declare that there are no any other facts, which, if not enumerated herein, may lead to making any statement herein misleading. CMA and Tadawul shall not bear any responsibility for the content of the terms and conditions.

29.3. The Fund Manager declares that the property is free of any irregularities that prevent or may cause it to be unusable or inoperative; and that the property is technically safe and is free of

any main engineering deficiencies or defects that may prevent or cause it to be unusable or inoperative; or may lead to expensive main repairs and changes.

29.4. Moreover, the Fund Manager declares that there is no direct/indirect conflict of interests, other than what is disclosed, among any of the following:

- Fund Manager;
- Real estate manager(s) related to the Fund;
- Owner(s) of real estates related to the Fund;
- Lessee(s) of real estate assets, proceed of which form 10% or more of the annual lease proceeds of the Fund;
- Approved valuer.

29.5. The Fund Manager declares that it exerted due diligence to ensure there is no direct/indirect conflict of interests between the seller of the real estates of the Fund and the approved valuers.

29.6. The Fund Manager declares that all board members are not subject to any case of bankruptcy or insolvency; or procedures of bankruptcy or liquidation; and that they have never committed any fraudulent, dishonorable acts or acts involving deception. The Fund Manager further declares that they have never committed any violation involving any fraud or breach of integrity and honesty; and that they have the required skills and experience, which make them qualified to become members in the Fund Board.

29.7. The Fund Manager declares that the independent members fall under the definition “an independent board member of the Fund” as set out in the glossary of terms used in CMA regulations and rules. This applies to any independent member appointed by the Fund Manager during the Fund term.

29.8. The Fund Manager declares that there are no business activities or any other important interest for the board members of the Fund Aljazira Securities, which may conflict with the interests of the Fund.

29.9. The Fund Manager declares that there is no conflict of interests that would affect the performance by the Fund Manager of its duties towards the Fund.

29.10. The Fund Manager declares that there are no additional fees other than those set out in the schedule of fees and charges in paragraph (11) of the terms and conditions.

- 29.11. The Fund Manager declares that the Fund is only listed upon the completion of transfer of the property or its benefit to the Fund. In case of failure to complete such transfer at the end of the offering period as per paragraph (7) of the terms and conditions, all subscription amounts shall be returned to the subscribers.
- 29.12. The Fund Manager declares that no board member may have direct or indirect interest in the works and contracts concluded for the Fund.
- 29.13. The Fund Manager declares that all contracts and agreements relevant to the Fund that may affect the decisions of investors regarding the subscription or trading in the Fund are disclosed in the terms and conditions; and that there are no contracts and agreements except what is stated in the terms and conditions.
- 29.14. The Fund Manager declares that the Unit Holders are entitled to vote on the matters introduced to them in the meetings of the Unit Holders. In addition, the approval of majority of the Unit Holders holding more than (50%) or more than (75%) (as applicable) from the total units whose holders are present shall be obtained regarding any fundamental change to the Fund. Fundamental changes shall include the following:
- A significant change to the Fund's objectives, nature or class;
  - A change that has a material adverse effect on the Unit Holders or their rights with respect to the Closed Fund;
  - A change that has an effect on the degree of risk of the Fund;
  - The voluntary withdrawal of the Fund Manager from the position of the fund manager;
  - Any change that normally causes Unit Holders to reconsider their participation in the Closed Fund;
  - Any change that leads to an increase in payments from the assets of the Closed Fund;
  - Change in the Closed Fund's maturity date or termination;
  - Increase in the total assets of the Closed Fund through admitting cash and/or non-cash contributions;
  - Any other cases decided by CMA from time to time and communicated to the Fund Manager.
- 29.15. The Fund Manager declares that it will take all the required actions in favor of Unit Holders, as per its knowledge and belief and based on due and reasonable care. The Fund

Manager and its managers, officials, employees, agents and consultants, affiliates, custodian, legal advisor and the board of directors will exert their best and reasonable effort and act in good faith in order to serve the interests of the Unit Holders. However, the Fund may be subject to losses, by any means, due to unintentional action made by any of the said parties regarding the management of the Fund affairs. Such parties shall not bear the responsibility for these losses, provided that they act in good faith, which is proven if there is no action, decision or communications that involve prior knowledge of the negative results from that action, and in a way that is believed to best serve the interests of the Fund; and that the action does not involve any serious negligence, fraud or deliberate misconduct.

- 29.16. The fund manager declares that it has confirmed to the accredited valuer that the scope of work on valuation report must be appropriate for the purpose of the Fund Manager's application to the Saudi Stock Exchange and is valid for use for public offering 109 and including the market rental value if it is different from the contractual rental value in the property leases the fund's units.

### **30. Applicable Law**

The Fund and the Fund Manager are subject to the Capital Market Law, executive regulations thereof, other relevant laws and regulations applicable in KSA. Any dispute arising from or in connection with the investment in traded real estate funds shall be referred to the Committee for Resolution of Securities Disputes as the competent judicial authority to consider such disputes.