



**Summary of the terms and conditions of the Binding Agreement to be entered into between Jabal Omar Development Company (the “Company” or “JODC”) and the manager of the Alinma Makkah Real Estate Fund (on behalf of the Fund) in relation to the full settlement of the rights and obligations in respect of the Fund (the “Transaction”)**

**The Key Terms and Conditions of the Transaction pursuant to the Binding Agreement:**

**Transaction Structure**

- 1) The Transaction will be implemented through a capital increase of the share capital of the Company by way of debt conversion whereby the Company will convert its liabilities towards the Fund and the Fund Related Entities as defined in the Binding Agreement (the “Debt”) into equity.
- 2) The Debt will comprise all of the payment obligations of the Company towards the Fund and the Fund Related Entities as defined in the Binding Agreement (mainly comprising the rental payments owed together with any other obligations), pursuant to the relevant Fund documents and agreements (including any payments due and unpaid as of the date of the Offer), all of which shall be deemed to be due and payable on the date of the JODC extraordinary general meeting approving the Transaction.
- 3) In exchange for issuing the New Shares to the Unitholders, the Fund and the Fund Related Entities (as defined in the Binding Agreement) shall surrender to the Company all of their rights over the assets, pursuant to the relevant Fund documents and agreements, including rights of ownership and any other rights; and all collateral and security granted by the Company to the Fund or the Fund related entities shall be released and terminated.
- 4) The Company will not receive any new shares to be issued as part of the Transaction.
- 5) The Fund shall pay all expenses related to the Fund Related Entities (as defined in the Binding Agreement) and service providers prior to the effective date.
- 6) The completion of the Transaction will constitute full and final settlement of all rights and obligations of the Company and the Fund and/or the Fund related entities in relation to the Fund and pursuant to the relevant Fund documents and agreements.

**Consideration**

- 1) The Company will issue a total number of 225,134,162 new shares to the unitholders of the Fund (excluding the Company in its capacity as a unitholder in the Fund), being 0.442 new Shares for every unit of the Fund.
- 2) The Transaction will result in the termination in full of all relationships between the Company (on the one hand) and the Fund and the Fund Related Entities (as defined in the Binding Agreement) (on the other hand), including the termination of all relevant agreements entered into between the Company and the Fund and/or the Fund Related Entities.



**Conditions of the Transaction**

The completion of the Transaction shall be subject to the satisfaction of a number of conditions. The following are a summary of the key conditions of the Binding Agreement:

- 1) obtaining all required approvals of the CMA with respect to the Transaction;
- 2) obtaining any other regulatory approvals that are required for, and in connection with, the Transaction as reasonably determined by the Company and/or the Fund manager;
- 3) approval of the listing of the new shares on Tadawul and the obtaining of any other approvals which Tadawul may require with respect to the Transaction;
- 4) obtaining the approval of any third party whose consent is required to implement the Transaction;
- 5) obtaining the approval of the required majority of the shareholders of the Company having approved the Transaction resolutions at the Company's extraordinary general assembly in accordance with the applicable legal and regulatory requirements;
- 6) no amounts having been paid or distributed by the Fund (including, without limitation, to the Unitholders) except in respect of any Fund related expenses;
- 7) from the date of signing the Binding Agreement and until the effective date of the Transaction, the Fund not having incurred any additional indebtedness, other than and excluding any reasonable and proper accruals and fees related to the Fund Related Entities (as defined in the Binding Agreement) and service providers;
- 8) no Material Adverse Event having occurred (in accordance with the relevant definition stated in the Binding Agreement);
- 9) the completion by the Fund manager and/or the Fund Related Entities (as defined in the Binding Agreement) of all necessary regulatory procedures preceding the transfer or cancellation (as applicable) of the relevant title deeds;
- 10) no breach of the representations and warranties stated in the Binding Agreement having occurred, unless such breach is capable of remedy, where the breach has been remedied to the reasonable satisfaction of the non-breaching party; and
- 11) no governmental body having issued or enforced any order or judgment which prohibits the consummation of the Transaction in accordance with the terms of the Binding Agreement.

**Board and Governance Arrangements**

Subject to the relevant regulatory and shareholder approvals, the Binding Agreement included the necessary steps to be taken so that the composition of the board of directors of the Company will be subject to certain changes, pursuant to which two (2) members nominated by the Fund Manager will be appointed to fill two (2) vacancies in the board of directors of the Company after the completion of the Transaction ("**New Board**"), and the Company shall procure that two (2) seats are vacant to be filled by the new members by any means as determined by the Company provided that the new members shall comprise not less than 20% of the New Board.



### **Completion Procedures**

Subject to the satisfaction of all conditions stated in the Binding Agreement, the following are a summary of the key procedures required to implement the Transaction:

- 1) the Company shall promptly procure the publication of the Company's extraordinary general assembly notice in accordance with the Company's bylaws and the applicable laws and regulations.
- 2) The Company shall take all reasonable steps required of it to prepare for the issuance of the new shares on or as soon as reasonably practicable after the effective date of the Binding Agreement pursuant to the agreed exchange ratio.
- 3) As soon as reasonably practicable after convening the Company's extraordinary general assembly to approve the Transaction and no later than the day following thereof, the Fund manager shall ensure a suspension in trading of the units of the Fund and shall provide to the Company a list of unitholders entitled to receive the new shares pursuant to the Transaction.
- 4) The Fund manager and the Company shall take the necessary steps (including liaison with the Ministry of Justice) to ensure that the relevant title deeds are, to the extent applicable, cancelled and/or properly transferred to and registered under the name of the Company with effect from the effective date. Provided that the transfer or cancellation (as applicable) cannot be achieved by the effective date, the Fund manager and JODC shall (to the extent permitted by applicable law and to their best efforts) arrange with Fund Custodian to hold the relevant title deeds for and behalf of JODC on and from the effective date until the relevant title deeds are transferred to JODC, or cancelled (as applicable) at JODC's direction as soon as reasonably practicable after the effective date.
- 5) The Fund manager undertakes to terminate the Fund as soon as practicable following the effective date of the Transaction.

The Binding Agreement includes a confirmation statement that JODC shall not, as part of its strategy, on and from the effective date and for a period of 12 months thereafter: (a) conduct more than 20% of its real estate business outside Makkah Al Mukarramah; (b) develop the land plots located within zones 5, 6 and 7 at Jabal Omar, Makkah Al Mukarramah; and (c) incur any financial indebtedness that exceeds SAR 16.11 billion (or the equivalent in any other currency).

### **Conduct of Business**

The Company and the Fund undertake that, for the period from signing the Binding Agreement until the completion of the Transaction, both parties shall refrain from taking particular actions as stated in the Binding Agreement (subject to certain limitations and thresholds) in relation to the conduct of their businesses.

### **Representations and Warranties**

The Binding Agreement includes a number of standard representations and warranties provided by both the Company and the Fund in relation to the Transaction.



**Taxes**

The Binding Agreement includes that JODC shall be liable for any taxes or zakat that may apply as a result of the Transaction.

**Termination of the Binding Agreement**

The Binding Agreement may be terminated in certain circumstances, including the following:

- 1) If written notice to terminate is given by one party to the other party if either party commits a material breach of the certain provision of the Binding Agreement (which is not remedied within a reasonable time to the extent that such breach is capable of remedy).
- 2) If the completion of the Transaction does not occur within six (6) months as of the date of signing the Binding Agreement or any other date as agreed between the parties in writing.
- 3) If the conditions of the Binding Agreement are not satisfied or waived pursuant to the terms and conditions of the Binding Agreement within six (6) months as of the date of signing the Binding Agreement or any other date as agreed between the parties in writing.
- 4) If the parties agree to terminate the Binding Agreement in writing.