

Alinma Hospitality REIT Fund

Alinma Hospitality REIT Fund

(A Closed-Ended Public Shariah-Compliant Real Estate Investment Traded Fund)

Terms & Conditions



**Custodian
NOMW**



**Fund Manager
Alinma Investment Company**



Total Number of Fund Units	102,002,100 Units
Number of Units Offered to the Public	51,140,100 Units
Total Value of Units Offered to the Public	511,401,000 SAR
Number of Offered Units In-kind	50,862,000 Units
Total Value of Offered Units In-kind	508,620,000 SAR
Fund leverage Ratios	0%
Percentage of Cash Offering from the Fund Size	50%
Percentage of Units In-kind of Fund Size	50%

The Capital Market Authority (CMA) does not make any representation as to the accuracy or completeness of this document, and disclaims itself from any liability or any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers to the Fund Units offered hereby shall conduct their own due diligence as to the accuracy of the information relating to the Units subject of the Offering. If unable to understand the contents of this document, they shall consult a licensed financial advisor.

Alinma Hospitality REIT Fund has been certified as a real estate investment traded fund that is compliant with the Sharia guidelines permitted by the Fund's Sharia Advisor.

All investors must accurately read and understand all Alinma Hospitality REIT Fund related documents. If the contents of these Terms and Conditions cannot be understood, we advise you to obtain an advice by a licensed financial adviser. The investor's investment in the Alinma Hospitality REIT Fund shall be deemed as a representation by the investor of having read and accepted the Terms and Conditions of the Fund.

These Terms and Conditions are issued on 02/03/1444H
(corresponding to 28/09/2022G).
(These Terms and Conditions were last amended on
18/10/2023G)

CMA approved the offering of the Units of Alinma Hospitality
REIT Fund on 02/03/1444H (corresponding to 28/09/2022G).

Important Notice

These Terms and Conditions contain detailed information relating to Alinma Hospitality REIT Fund (“**Fund**”) and the offering of units in the Fund (“**Units**”). When submitting an application to subscribe for units, investors will be treated as applying solely based on the information herein, copies of which are available in the website of Alinma Investment Company (“**Fund Manager**”) (www.alinmainvestment.com), the website of the Saudi Capital Market Authority (“**CMA**”) (www.cma.org.sa) or the website of the Saudi Stock Exchange (“**Tadawul**”) (a wholly owned subsidiary of the Saudi Tadawul Group) (“**Market**”) (www.saudiexchange.com.sa).

Prospective investors must read the entirety of these Terms and Conditions before purchasing Units in the Fund. An investment in the Fund involves certain risks and may not be suitable for all investors. Investors must be willing to assume the risks associated with an investment in the Fund, which are described in Article (6) of these Terms and Conditions related to “**Risk of Investment in the Fund**”.

These Terms and Conditions have been prepared by the Fund Manager, a Saudi Arabian joint stock company, under commercial registration no. 10102697642, and a Capital market institution licensed by the Capital Market Authority (the “**CMA**”) under license No. 09134-37, in accordance with the provisions of the Real Estate Investment Funds Regulations issued by the Board of the CMA pursuant to Resolution No. 1–193-2006, dated 19/06/1427H (corresponding to 15/07/2006G) as amended based on the Resolution of the CMA’s Board of Directors pursuant to Resolution No. 22-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G) (“**Real Estate Investment Funds Regulations**”).

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Definitions

The following terms and words shall have the meanings assigned to each, unless the context requires otherwise:

Term	Meaning
Capital Market Law	Means The Capital Market Law promulgated by Royal Decree No. M/30 dated 2/6/1424H, as amended on 17/09/2019G after the approval of the Council of Ministers (or any other amendments made to from time to time).
Terms and Conditions	Means these Terms and Conditions under which the Fund's business and the relationship between the Fund Manager and the investors are regulated.
Alinma Investment Company, Fund Manager or Offering Manager	Means Alinma Investment Company, a closed Saudi joint stock company registered under Commercial Registry No. (1010269764), and licensed by the CMA under license No. (09134-37) to engage in the activity of dealing, custody, management (investment management and fund operation), arranging and advising in securities business.
Managing Director	Alinma Investment Company, a closed Saudi joint stock company registered under the Commercial Register No. (1010269764), and licensed by the CMA under license No. (09134-37).
Auditor	Means Alluhaid & Alyahya Chartered Accountants ("LYCA") Company, or any other auditor appointed by the Fund Manager from time to time.
Capital Market Authority	Means the CMA in the KSA, which includes, as the text allows, any committee, sub-committee, employee, or agent that may be authorized to carry out any of the functions of the CMA.
Real Estate Investment Funds Regulations	The Real Estate Investment Funds Regulations issued by the Board of the CMA pursuant to Resolution No. 1-193-2006, dated 19/06/1427H (corresponding to 15/07/2006G) as amended based on the Resolution of the CMA's Board of Directors pursuant to Resolution No. 22-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G), and any other amendments that may occur.
Capital Market Institutions Regulations	The Capital Market Institutions Regulations issued by the Board of the CMA pursuant to Resolution No. 1- 83 - 2005 dated 21/05/1426H corresponding to 28/06/2005G, and amended by Resolution No. 2- 75 - 2020 dated 22/12/1441H corresponding to 12/08/2020G, and any other amendments that may occur.
Custodian	Means NOMW Capital, a closed Saudi joint stock company registered under Commercial Register No. (1010404870), and licensed by the CMA under license No. (37 - 13172) to engage in direct investment activities, asset management, portfolio management, custody services, and arrangement.
Market	Means the Saudi Tadawul (a wholly owned subsidiary of the Saudi Tadawul Group) or the Saudi Stock Exchange. It includes, where the context permits, any committee, subcommittee, employee, officer, affiliate or agent that may, for the time being, be entrusted with carrying out any of the functions of the Market. The term "in the Market" means any activity carried out through or by means of the facilities provided by the Market.
Tadawul	The Automated Trading in Saudi Stock.
Depository Center	Means the Securities Depository Center Company ("Edaa") (a wholly owned subsidiary of the Saudi Tadawul Group), and the activities of the Depository Center are: business related to depositing, registering, transferring, settling and clearing securities, and recording any ownership limitations on the deposited securities. The Depository Center also deposits and manages the records of the issuers of securities and organizes the general assemblies of the issuers, including the service of remote voting for these assemblies and submitting reports, notices and information in addition to providing any other service related to its activities that the Depository Center deems to be provided in accordance with the Capital Market Law and Implementing Regulations.
Real Estate Investment Traded Fund	A real estate investment fund whose units are traded in the main market or the parallel market, and its main investment objective is to invest in constructed developed real estate capable of achieving periodic and rental income. A specified percentage of the Fund's net profits shall be distributed in cash to the Unitholders of this Fund during the period of its work, at a minimum annually.

Real Estate Property Manager, Property Manager or Property, Maintenance and Operation Manager	Means a company licensed to carry out the business of managing and operating property in accordance with these Terms and Conditions.
Property Management Fees	Means the fees payable by the Fund to the Property Manager.
Anti-Money Laundering Law	Means the Anti-Money Laundering Law promulgated by Royal Decree No. (M/20), dated 05/02/1439H.
Person	Means any natural or legal person recognized as such by the laws of the KSA.
Person Authorized or Capital Market Institution	Means the Capital Market Institution according to the Capital Market Institutions Regulations.
Fund	Alinma Hospitality REIT Fund, a closed-ended public Shariah-compliant real estate investment traded fund.
Investment Fund	A joint investment program that aims to provide the opportunity for investors to collectively participate in the program's profits, and is managed by the Fund Manager for a specified fee.
Money Market Funds	An investment fund whose sole objective is to invest in deposits and short-term securities in accordance with the Investment Funds Regulations.
Board or Fund Board	A Board appointed in accordance with the Real Estate Investment Funds Regulations and as stipulated in these Terms and Conditions to monitor and supervise the work of the Fund Manager.
Independent Director	<p>A fully independent Director; The following are, by way of example, but not limited to, incompatible with independence:</p> <ol style="list-style-type: none"> 1) To be an employee of the Fund Manager or its affiliate, or any Fund Sub-manager, Fund Custodian, or Property Manager or affiliate, or has a substantial business or contractual relationship with the Fund Manager or any Fund Sub-manager or Fund Custodian. 2) To be one of the senior executives during the last two years with the Fund Manager or with an affiliate thereof. 3) To be a first-degree relative with any of the Board Directors or senior executives of the Fund Manager or any of affiliates. 4) To have owned controlling interests with the Fund Manager or any of affiliates during the last two years.
Fund Term	Means (99) years starting as from the Listing Date, renewable for a similar term at the discretion of the Fund Manager, following obtaining the approval of the Unitholders, the Fund's Board and the CMA.
Net Unit Value	The Fund's Net Asset Value divided by the number of existing Units.
Fund's Net Profits	Means the Fund total returns, less the total expenses and fees borne by the Fund.
Fund Net Asset Value	The Fund's NAV is calculated by deducting the fund's total liabilities out of the fund's total assets.
Fund Total Asset Value	The value of the Fund's assets that are evaluated according to how the Fund's assets mentioned in these Terms and Conditions are valued.
Fund Size	Means the total monetary value of the Fund's assets.
Fund Credit Facility	The credit facilities where the Fund Manager arranges for the Fund.
Kingdom, Saudi Arabia or KSA	Means the Kingdom of Saudi Arabia.
Sharia Standards and Controls	Sharia Standards and Controls that are approved and determined by the Sharia Supervisory Committee, and set out in Annex No. (1) of these Terms and Conditions.









Management Fees	Means the Management Fees payable by the Fund to the Fund Manager against managing the fund and as set out in these Terms and Conditions.
Net Income From Operations	Net Income from Operations equals (net income + depreciation + amortization + loss from sale of assets) - profit on sale of assets - income from bank deposit profits.
Subscription Fees	These Subscription Fees shall be deducted when the cash subscription amount is received.
Transaction Fees	Means the fees paid by the Fund to the Fund Manager upon completion of any sale or purchase of assets and these fees do not apply to the Fund's Initial Portfolio.
Brokerage Fees	Means the fees paid by the Fund to the broker when completing any sale or purchase of real estate assets.
Real Estate Assets	Means the Real Estate Assets that will be acquired by the Fund as described in these Terms and Conditions.
Sharia Supervisory Committee	Means the Sharia Committee of Alinma Investment Company, which supervises all products of Alinma Investment Company.
Offering	Means the public Offering to sell the Fund's Units in accordance with these Terms and Conditions.
Fiscal Year	Means the Fund's Fiscal Year which begins on the first day of January of each year and ends on the 31st of December of each year, with the exception of the first year of the Fund, which begins from the date of completion of the transfer of ownership of all the assets of the Fund and ends on 31/12/ 2022G.
Calendar Day	Any day whether it is a Business Day or not.
Business Day	A Business Day in the Kingdom according to the official Business Days of Alinma Investment Company, However, any reports or financial statements is regarded with the official business day of the Capital Market Authority.
Quarter	A three-month period of each Fiscal Year ends on the last day of the months: (March, June, September, and December) of each year. The first Quarter will be the one in which the Fund's operates.
Semi-annual	A period of six months of each Fiscal Year ending on the last day of June and December of each year.
Exceptional Circumstances	They mean the cases in which the Fund Manager believes that, if they occur, the Fund's assets may be unusually negatively affected due to several economic and/or political and/or regulatory factors.
Related Parties	<ol style="list-style-type: none"> 1) Fund Manager or Fund Sub-manager. 2) Custodian or Sub-custodian. 3) Developer and Engineering Office. 4) Property Manager. 5) Accredited Valuer. 6) Auditor. 7) Fund Board. 8) Directors or any of the Executive Managers or employees of any of the Related Parties. 9) Any Unitholder whose ownership exceeds (5%) of the Fund's net assets. 10) Any person who is affiliated with or controlled by any of the aforementioned persons.
Ordinary Fund Resolution	Means the resolution made with the approval of the Unitholders representing over 50% of the total units present at the Unitholders meeting, whether they attend in person or by agency or by using a state of the are medium.
Special Fund Resolution	Means a Resolution made with the approval of Unitholders representing 75% or more of the total units present at the Unitholders meeting, whether they attend in person or represented by an agent or by using a state of the medium.
Subscription Amount	Means the amount contributed by the Unitholder when subscribing to the Fund.
In-kind Subscription	Means Subscription to the Fund through in-kind/ non-monetary contributions.
Unitholder	Means the investor who invests in the Fund by holding its units.

Operating Income	Means the net income plus depreciation, amortization and capital losses resulting from the sale of Real Estate Assets, after deducting the gains resulting from the sale of Real Estate Assets, less the interest income.
Financing Costs	The Fund shall bear all the costs of the Shari'a compliant financing in-line with market norms and prices.
Special Purpose Vehicle (SPV)	Means a limited liability company established by the Custodian to hold title to the Fund's assets.
Listing Date	The Listing Date of the units in the Market and making them available for trading.
Real Estate Transaction Tax (RETT)	Means the tax that is imposed on all real estate transactions in the KSA in accordance with the Implementing Regulations for RETT and any amendments thereto.
Units	Means the Units of the Fund, a common share representing the assets of the Fund that gives the investor the right to subscribe in the ownership of the Fund's assets on a proportional basis according to the number of Units he owns in the Fund.
Allocation Completion Date	(10) Ten Business Days from the end of the Offering Period, which is the date on which the Fund Manager completes the allocation of the Units and announces it to the Investors.
Offering Period	The Fund's Units will be offered on October 30, 2022G, and the Offering Period shall continue until November 07, 2022G (which is to (7) Business Days), renewable for a similar period after notifying the CMA.
Government Fees	Government Fees are charges collected by the government the services provided to citizens. These fees shall include, but are not limited to, municipal fees, licensing and permit fees.
Due Diligence	Means the process to be implemented by the Fund Manager either directly or through specialized parties to verify facts related to the investments and avoid risks and unforeseen errors which must be avoided to ensure the integrity and good standing of investment, for example in terms of value, technical, legal, economic and operational conditions.
Riyal, Saudi Riyal or SAR	Saudi riyal, the official currency in the KSA.
VAT Law	The VAT Law applied in the KSA and Implementing Regulations and any amendments thereto.
VAT	Value Added Tax is defined as an indirect tax levied on all goods and services purchased and sold by entities, with certain exceptions. It was levied at every stage of the supply chain stages, starting from production through distribution, and up to the final sale of the good or service.
Legal Persons	Means the entities that have legal personality and includes the existing institutions, companies, investment funds, governmental bodies and other legal entities.
White Lands	Means every vacant land allocated for residential or mixed commercial residential use within the Kingdom's urban boundary limits.
Constructed Developed Real Estate	Developed ready-to-use real estate that meets the statutory requirements, including hotel, residential, commercial, industrial, agricultural, and others.
Senior Unitholder	A Person owns (5%) or more of the Fund's Units.
Consultants	Legal counsel, auditors and other professional advisors appointed by the Fund Manager.
Ministry of Tourism	Ministry of Tourism in the KSA.
Hotels	The hotel is a paid hospitality service facility that rents out its units and is rated in stars.
Tourist Accommodation Facility	Every facility that mainly provides accommodation service or any housing unit for tourists for a fee, whether this place is a hotel or any other housing unit that serves the same purposes, and any support services.

Material Change	<p>It means any of the following cases:</p> <ol style="list-style-type: none"> 1) A significant change in the objectives, nature or category of the Fund. 2) Any change which may have a material adverse effect on Unitholders or their rights in respect of the Fund. 3) Any change which may impact the Fund's risk profile. 4) The voluntary withdrawal of the Fund Manager from the position of the Fund Manager. 5) Any change that normally causes Unitholders to reconsider their Subscription to the Fund. 6) Any change that leads to an increase in payments from the Fund's assets to the Fund Manager or any Fund's Director or any affiliate of any of them. 7) Any change that introduces a new type of payment to be made from the Fund's assets. 8) Any change that substantially increases the other types of payments made from the Fund's assets. 9) The change in the date of maturity or termination of the Fund. 10) Increasing the total value of the Fund's assets by accepting cash or in-kind contributions or both. 11) Any other cases decided by the CMA from time to time and reported to the Fund Manager.
Immaterial Change	Any change that does not fall within the Material Changes.
Leasehold	Means the right to use and exploit the property for a specific period, as provided in the relevant provisions of the leasehold agreement. The leasehold does not give full ownership of the asset, and the original owner retains ownership.
Initial Offering Price	Ten (10) Saudi riyals.
Promissory Notes	The promissory note is a note made in a specific form defined by law, whereby a person, called "the maker" (Lessee), pays a sum of money (rent) on a specified date and at a specified place, to the order of a person, called "the payee" (the Fund).
Public	Means any Person who is not related to 1- Affiliates of the Issuer 2- Major Shareholders of the Issuer 3- Directors and Senior Executives of the Issuer 4- Directors and Senior Executives Affiliated to the Issuer 5- Directors and Senior Executives of the Major Shareholders of the Issuer 6- Any relatives of the Persons referred to in the previous paragraphs 7- Any company controlled by any of the Persons referred to in the previous paragraphs 8- Persons who act jointly and jointly own 5% or more of the class of shares to be listed.
Short-term Operations	Any process or product with terms of payment or return of less than one year.

Fund Directory

Fund Manager and Offering Manager	 <p>الإئماء للاستثمار alinma investment</p>	<p>Alinma Investment Company Head Office: Al Anoud South Tower - 2 King Fahd Road, Olaya District, Riyadh P. O. Box 55560 Riyadh 11544 Kingdom Saudi Arabia Tel: +966 12185999 Fax: +966112185900 website: www.alinmainvestment.com</p>
Custodian	 <p>NOMW</p>	<p>NOMW Capital Head Office: Al Orouba Road, Home Offices P.O. Box 92350 Riyadh 11653 Kingdom Saudi Arabia Tel: +966114942444 Fax: +966114944266 Website: www.nomwcapital.com.</p>
Property Manager(s) / Operator(s)	 <p>اشاهد ashaad</p>	<p>Ashaad Company Riyadh, Kingdom of Saudi Arabia, Al-Masif District, King Abdulaziz Road, P.O. Box No. (92630) Postal Code (11663) Tel: +966114554444 Website: www.ashaad.com</p>
	 <p>سيرا SEERA</p>	<p>Seera Hospitality Company Riyadh, Saudi Arabia, Olaya District Abi Al-Mudhaffar Al-Mubarak Street. P.O. Box No. (52660) Postal Code (11573) Website: www.seera.sa</p>
	 <p>رافال RAFAL</p>	<p>Al-Maskan Al-Hadari Real Estate Development Company Riyadh, Saudi Arabia, Olaya Road - P.O. Box No. (69290) Postal Code (11547) Website: www.rafal.com.sa</p>
Auditor	 <p>الليحاء واليهيا ALLUHAIJ & ALYAHYA</p>	<p>Alluhaid & Alyahya Chartered Accountants (“LYCA”) Grand Tower King Fahd Road, Al-Muhammadiyah District, Riyadh P.O. Box No. 85453, Riyadh 11691 Phone: 0119629144 Email: info@lyca.com.sa</p>
Legal Advisor	 <p>كنا Knp</p>	<p>Khalid Nassar & Partner Lawyers and Legal Consultants Building 7060, First Floor, Office 108 Riyadh, Al-Muhammadiyah, Al-Takhasosi Street Riyadh 12362 Head Quarter Business Park Tower, 18th Floor, Office 1808 Beach District, Corniche Road Jeddah 23511 – 7333 Email: info@knp.legal Website: www.knp.legal</p>

Feasibility Study		ValuStrat Riyadh, Saudi Arabia Al-Faisaliah Complex, Sixth Floor Tel: 00966112935127 Email: Riyadh@valustrat.com
Real Estate Valuers		Olaat Properties Management Co. Riyadh King Abdullah Road P.O. Box No. 62244 - 11585 Phone: 0112178999 Fax: 01129339
		Abaad Real Estate Valuation Co. Al Zahid Building, Fifth Floor, Office 22 7 312 Al Salamah District Jeddah 23524 - 6488 Kingdom Saudi Arabia info@sa-abaad.com
		Maken Alqima Real Estate Valuation King Fahd Road, Kairouan District, Building No. 7022 P.O. Box No. 4514.13534 Riyadh, Saudi Arabia Email: Info@makeemq.sa
Receiving Entities		Alinma Investment Company Head Office: Al Anoud South Tower - 2 King Fahd Road, Olaya District, Riyadh P. O. Box 55560 Riyadh 11544 Kingdom Saudi Arabia Tel: +966 12185999 Fax: +966112185900 website: www.alinmainvestment.com
		Alinma Bank Head Office: Al Anoud North Tower - 1 King Fahd Road, Olaya District, Unit No. 8, Riyadh 2370 - 12214 Kingdom Saudi Arabia Tel: +966 12185555 Website: www.alinma.com
		Al Rajhi Bank King Fahd Road - Al-Morouj District, Unit No. (1), Riyadh, 122630 - 2743, Kingdom of Saudi Arabia Tel: +0096611211600 Website: www.alrajhibank.com.
		Riyad Bank Abi Jaafar Al-Mansour Street, Granada P. O. Box 22622 Riyadh 11416, National Address: 2414 Riyadh 13241 - 7279, Tel: + 966 11 4013030 Website: www.riyadbank.com

Regulator	 <p>هيئة السوق المالية Capital Market Authority</p>	<p>Capital Market Authority Head Office of the CMA King Fahd Road P.O. Box 87171 Riyadh 11642 1111-245-800 Call Center: 00966112053000 Website: www.cma.org.sa</p>
Market	 <p>تداول السعودية Saudi Exchange</p>	<p>Saudi Exchange Head Office of Saudi Exchange King Fahd Road Olaya 6897 Unit No. 15 Riyadh 12211 - 3388 Call Center: +(966) 92000 0 1919 Website: www.saudiexchange.sa</p>
Managing Director	 <p>الإنماء للاستثمار alinma investment</p>	<p>Alinma Investment Company Head Office: Al Anoud South Tower - 2 King Fahd Road, Olaya District, Riyadh P. O. Box 55560 Riyadh 11544 Kingdom Saudi Arabia Tel: +966 12185999 Fax: +966112185900 website: www.alinmainvestment.com</p>
Sharia Supervisory Committee	 <p>الإنماء للاستثمار alinma investment</p>	<p>The Sharia Committee of Alinma Investment Company Head Office: Al Anoud South Tower - 2 King Fahd Road, Olaya District, Riyadh P. O. Box 55560 Riyadh 11544 Kingdom Saudi Arabia Tel: +966 12185999 Fax: +966112185900 website: www.alinmainvestment.com</p>

Offering Summary

Fund Type	A closed-ended public Shariah-compliant real estate investment traded fund, established under the regulations of the Real Estate Investment Funds Regulations.
Fund Currency	SAR.
Fund Operation Day	30/01/2023G
Risk Level	Investment in the Fund involves a high level of risk. Clause (6) of these Terms and Conditions contains examples of these risks.
Fund Term	The Term of the Fund is 99 years starting from the Listing Date, renewable for a similar term at the discretion of the Fund Manager, following obtaining the approval of the Unitholders, the Fund's Board and CMA.
Size of Targeted Offering	SAR 511,401,000.
Funds Objectives	The Fund aims to generate sustainable and growing cash dividend for the Unitholders and develop the Fund assets via direct investment in income generating and Constructed Developed Real Estate. The Fund intends to focus heavily on the hotel sector, hospitality and tourist accommodation in its investments. The Fund may invest partly in real estate development projects, provided that the Fund's assets invested in income-generating assets are not less than (75%).
Minimum Subscription	Fifty (50) units at least at a subscription price of (10) Saudi riyals per Unit and with a total Subscription Amount of not less than (500) Saudi riyals, and this shall not apply to the Subscription In-kind.
Nominal Value of Units	SAR 10.
Days for Accepting Subscription Applications	Units will be offered as of 30/10/2022G. The Offering shall run for seven days until 07/11/2022G. The period may be extended upon the CMA notice.
Number and Frequency of Valuation	At least twice annually, specifically on December 31 and June 30 of each calendar year.
Dividend Distribution Policy	In line with the financing arrangements concluded by the Fund, the Fund Manager aims to distribute dividends at least twice a year, at not less than 90% of net profit. The distributions are expected in January and July of every calendar year, with the exception of the capital gains from selling any of the Fund assets, as they will be reinvested in Constructed Developed Real Estate and can generate recurring income with the aim of boosting the Fund assets.
Property Manager(s) Fees	The Fund shall bear the Property Management Fees at prevailing and competitive market rates at the time of appointment.
Subscription Fees	None.
Fund Management Fees*	The Fund Manager is entitled to receive for its management of the Fund's Assets, Management Fees ("Management Fees") annually of the net income from operations, paid semi-annually, and calculated based on the performance of each year separately. Management Fees shall not exceed 0.80% of the Fund's Total Assets according to the last valuation of the Fund. The Fund Manager shall have the right to waive or deduct any of the dues. In the event of a loss in the net income from operations, the Fund Manager will not take any Management Fees for that year.
Transaction Fees	The Fund shall pay a transaction fee equivalent to (0.75%) as a maximum of the value of each sale or purchase of a real estate asset, paid to the Fund Manager, against conducting due diligence and negotiation. These Fees shall be due immediately after the completion of the transaction, bearing in mind that these fees do not apply to the fund's initial portfolio.
Custody Fees	The Fund shall pay SAR 100,000 to the Custodian annually. Prices may change later, provided that they shall not exceed a maximum of SAR 300,000 to be paid annually. These Fees shall be paid in two semi-annual instalments (only the actual fees will be deducted in accordance with the agreement with the Custodian).

Administrative Services Fee	SAR 150,000, to be paid in two semi-annual payments to the Fund Manager. The Fund Manager shall have the right to waive or deduct any of the dues.
Other Expenses	<p>The Fund shall bear the other expenses and fees which are the expenses due to other parties dealing with the Fund. For example, but not limited to insurance fees, advisors' fees, Government Fees, Directors' costs, including actual travel and accommodation incurred by each Independent Director according to the actual cost of attending meetings (the maximum limit for travel and accommodation expenses shall be SAR 2,000 for each meeting).</p> <p>The Fund shall bear all fees that may be imposed by the official authorities in the KSA because of the Fund's performance of obligations under these Terms and Conditions. The Fund shall also bear all marketing expenses for products in accordance with the best marketing offers approved by the Fund's Board.</p> <p>Such fees shall not be paid to the Fund Manager and cannot be estimated in advance, and shall be deducted based on the actual expenses and disclosure.</p> <p>The Fund does not intend to offer any discount or waive any expenses, provided that these expenses shall not exceed a maximum of 0.15% of the total value of the Fund's assets annually.</p>
Auditor Fees	The Fund Manager shall pay the Auditor SAR 55,000. Prices may change later, provided that they shall not exceed a maximum of SAR 100,000 to be paid to the Auditor annually. These Fees shall be paid in two semi-annual instalments (only the actual fees will be deducted in accordance with the agreement with the Auditor).
Financing Costs	The Fund shall bear the financing costs at prevailing market rates and competition at the time of financing, in addition to the fees for financing arrangements approved by the Fund's Board, which are due upon the first withdrawal of the financing amounts and approved by the Sharia Supervisory Committee and the Fund's Board to cover the costs of the Fund.
Valuers Fees	The Fund shall appoint two or more independent Valuers to conduct valuations of the Fund's assets twice annually, so that the fees for all Valuers shall be SAR 300,000 annually with a maximum limit and paid semi-annually (only the actual fees shall be deducted according to the agreement made with the Valuers).
Fees of Listing on the Market	SAR 50,000 to be paid by the Fund to the Market once upon listing the Fund's Units in the Market.
Listing Continuation Fee	(0.03%) of the market value of the Fund (a maximum of SAR 300,000 and a minimum of SAR 50,000) to be paid by the Fund for the Market annually.
Annual Supervision Fees by the CMA	The Fund shall pay the Supervision Fees by the CMA for SAR 7,500 annually.
Unitholder Records Upload Fees	SAR 50,000 to be paid by the Fund for the Depository Center, in addition to SAR 2 for each Subscription Application (with a maximum of SAR 500,000), to be paid once before listing and trading the Units.
Annual Publication on the Market's Website Fees	SAR 5,000 to be paid annually by the Fund in favour of the Market.
Shareholder Records Management (Unitholders)	SAR 300,000 (in case the paid-up capital of the Fund is up to SAR 500,000,000), SAR 400,000 (in case the paid-up capital of the Fund is more than (SAR 500,000,000) to (SAR 2,000,000,000) and SAR 500,000 (in case the paid-up capital of the Fund is more than (SAR 2,000,000,000) to (SAR 5,000,000,000) to be paid by the Fund for the Depository Center annually.
Independent Directors' Remuneration	Independent Directors shall be entitled a remuneration of SAR 10,000 for each Independent Director per meeting, and a maximum of SAR 20,000 for each Independent Director annually, to be paid twice annually after each meeting of the Board of Directors.
Offering Period	Units will be offered as of 30/10/2022G. The Offering shall run for seven days until 07/11/2022G. The period may be renewable upon the CMA notice.

Zakat	The Fund manager is committed to the regulations for collecting zakat from investors in investment funds, and in order to achieve this, the fund will be registered with the Zakat, Tax and customs Authority “ZATCA” for the purposes of zakat, and a declaration of information will be submitted according to what is stated in the regulations for collecting zakat from investors. Noting that the burden of calculating and paying zakat falls on the taxpayers who are unit holders in the fund, The Fund Manager also undertakes to provide ZATCA with all reports and requirements regarding zakat declarations. The Fund Manager will also provide unit holders with zakat declarations upon request in accordance with the regulations, and the assigned investors subject to the provisions of these regulations who own investment units in the Fund are required to calculate and pay the zakat on these investments. ZATCA regulations can also be Reach at https://zatca.gov.sa/ar/Pages/default.aspx
VAT	All fees and charges mentioned in these Terms and Conditions and/or any related documents shall not include VAT unless otherwise stated. In the event that VAT is or may be imposed on any service provided to the Fund, the Fund shall 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 value-added invoice of the relevant service. In the event that a VAT is or may be imposed on any service provided by the Fund, the beneficiary of the service shall pay to the Fund (in addition to any other fees or expenses) a sum equal to the value of this tax.
RETT	The Fund shall bear the RETT imposed at a rate determined by the KSA for Real Estate Assets that are purchased and acquired, as applied in accordance with the relevant Regulations and Laws.

* It should also be noted that the Fund Management Fees from the Fund’s total assets is for clarification and to set an upper limit for the Fund Management Fees and not for determining the basis of calculation, which was set above at 9% of the Net Operating Income. Also, the Net Operating Income does not include the proceeds from the sale of real estate and it includes only the Operating Income from the Fund’s activity represented in the proceeds of real estate rental and operation.

1. Name and Type of the Fund

Alinma Hospitality REIT Fund, a closed-ended public Shariah-compliant real estate investment traded fund, established under the regulations of the Real Estate Investment Funds Regulations.

2. Head Office and Website of the Fund Manager

Name: Alinma Investment Company
Address: Al Anoud South Tower – 2, King Fahd Road, Olaya District, Riyadh, P. O. Box 55560 Riyadh 11544, Kingdom Saudi Arabia
Telephone: +966 12185999
Fax: +966112185900
website: www.alinmainvestment.com

3. Fund Term

It shall be Ninety-nine (99) years starting from the date of listing units in the Market (“Listing Date”) and making them available for trading (the “Fund Term”). The Fund Term shall renewable for a similar term at the discretion of the Fund Manager, following obtaining the approval of the Unitholders, the Fund’s Board and CMA.

4. Purpose and Investment Objectives of the Fund and Unitholders Dividend Distribution Policy

A. Purpose and Investment Objectives of the Fund

The Fund aims to generate sustainable and growing cash dividend for the Unitholders and develop the Fund assets via direct investment in income-generating and Constructed Developed Real Estate. The Fund intends to focus heavily on the hotel sector, hospitality and tourist accommodation in its investments. The Fund may invest partly in real estate development projects, provided that the Fund’s assets invested in income-generating assets are not less than (75%).

The Fund Manager will shall collect SAR 1,020,021,000 ("Total Assets Value") during the Offering Period, distributed into units In-kind of SAR 508,620,000 and Monetary Units of SAR 511,401,000 offered to the Public.

B. Unitholders Dividend Distribution Policy

In line with the financing arrangements concluded by the Fund, the Fund Manager aims to pay dividend at least twice a year, at not less than 90% of net profit. The distributions are likely in January and July of every calendar year.

5. Summary of the Fund's Strategies to Achieve Objectives

A. Investment Concentration Policy

Investment Type	Targeted Main Allocation	The minimum limit are the total value of the Fund's assets according to the latest audited financial statements	The maximum limit are the total value of the Fund's assets according to the latest audited financial statements
Constructed Developed Real Estate that are able to generate periodic rental income	75%	75%	100%
Real estate renovation and redevelopment	0%	0%	25%
Real estate development, whether it is real estate owned by the Fund or not	0%	0%	25%
Cash and cash equivalent, units of investment funds licensed by CMA (whether managed by the Fund Manager or by other managers) and real estate companies, which are compatible with Sharia Standards and Controls	0%	0%	25%
Leasehold	0%	0%	25%
Treasury units	0%	0%	25%
Debt instruments	0%	0%	25%
Constructed Developed Real Estate that are able to generate rental income	0%	0%	25%

The Fund also aims to acquire Constructed Developed Real Estate Assets capable of achieving periodic and rental income, as the Fund Manager aims to pay dividends at least twice annually, so that the distributions shall not less than (90%) of the Fund's net profits. Distributions shall be made in January and July of each calendar year, with the exception of capital gains resulting from the sale of any of the Fund's assets, which will be reinvested in Constructed Developed Real Estate Assets capable of achieving periodic and rental income in order to increase the size of Real Estate Assets of the Fund.

In addition, the investment decision-making process is as follows:

1. Investment Decision-Making Process:

The Fund Manager shall study all investment decisions affecting the Unitholders and the value of the Units related to the Fund, as each Real Estate Asset shall be studied individually, taking into account the location of the Real Estate Asset, competitive advantages, a general study of the economy and other factors in order to reach a decision regarding investing in a specific Real Estate Asset, in addition to obtaining the approval of the Fund's Board on the contracts to be concluded. The Fund Manager shall also assess the impact when making any acquisition. The Fund Manager shall have the right to appoint external advisory bodies to assist in making the investment decision.

2. Steps to Carrying out the Acquisition:

- Studying the Real Estate Asset nominated by the Alternative Investments Department of the Fund Manager in line with the Fund's Objectives.
- Appointing Independent Valuers licensed by the Saudi Authority for Accredited Valuers to obtain a valuation of the Real Estate Asset.
- Appointing a technical valuer to perform the Technical Due Diligence on the Real Estate Asset.
- Appointing a legal advisor to conduct Due Diligence from a legal point of view.
- Presenting the investment opportunity to the Fund's Board.
- Submitting a purchase offer to the owner of the Real Estate Asset after obtaining the approval of the Fund's Board.
- Notifying the CMA and disclosing to Unitholders in the event that the Real Estate Asset to be acquired equals or exceeds (10%) of the Fund's Net Assets according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- The approval of the CMA, the Market and the Unitholders shall be obtained if the Real Estate Asset is acquired by increasing the total value of the Fund's Assets in accordance with the requirements imposed by the CMA in this regard and as explained in these Terms and Conditions.
- The Fund shall own the Real Estate Asset and register ownership in the name of the SPV that was established by the Custodian.

3. Exit Policy:

The main objective of the Fund is to provide periodic and annual income from the income of the Real Estate Assets of the Fund to the Unitholders in accordance with what is described in these Terms and Conditions, which requires maintaining the ownership of Real Estate Assets capable of generating rental income for a long period. The Fund Manager shall constantly monitor the Market if there are appropriate opportunities to exit one or more of its investments with positive returns and achieve the interests of the Unitholders, considering that if the Fund decides to sell any Real Estate Asset, it shall then seek to reinvest the proceeds of the sale to buy an alternative Real Estate Asset that fits the Fund's strategies to achieve objectives, as explained in these Terms and Conditions.

4. Compliance with Regulations:

The Fund and investments shall at all times comply with the laws and regulations governing the ownership of real estate in the KSA, including the Law of Real Estate Ownership and Investment by Non-Saudis, the Real Estate Investment Funds Regulations and all relevant regulations and instructions issued by the CMA.

5. Ownership Structure:

The Fund Manager has appointed the Custodian to hold the assets of the Fund. The ownership of the Fund's assets shall be registered in the name of the SPV that was established by the Custodian. Subject to the conditions of any financing obtained by the Fund, the ownership of the Fund's Assets shall be registered in the name of the SPV for separating the assets owned by the Fund from the assets owned by the Custodian.

It should be noted that the assets of the Fund may be mortgaged for any of the local entities licensed to practice financing activity by the Central Bank or foreign entities licensed by similar regulatory authorities in their countries (banks, counters and finance companies) and financed by the Fund as a guarantee for this financing in accordance with the terms of the financing agreements and related laws.

B. Description of the Sectors in which the Fund will Invest:

The Fund will focus on investing in the hotel sector, hospitality, and tourist accommodation in its investments. The Fund may invest in the following assets:


1. Investment in fully developed Real Estate (Real Estate Assets) capable of achieving rental and periodic income, and the value of the Fund's investments in these real estates shall not be less than (75%) of the total value of the Fund's Assets.
2. The Fund Manager may not invest in White Lands, and it may invest a percentage not exceeding (25%) of the total value of the Fund's Assets, according to the latest audited financial statements in any of the following:
 - Real estate development, whether real estate owned by it or not.
 - Real estate Renovation and redevelopment.
 - Cash and cash equivalent, units of investment funds licensed by CMA (whether managed by the Fund Manager or by other managers) and real estate companies, which are compatible with Sharia Standards and Controls
 - Leasehold.
 - Treasury units.
 - Debt instruments.
 - The Fund Manager must not invest more than (52%) of the Fund's Total Assets Value, according to the latest audited financial statements in real estate outside the KSA.
3. The Real Estate Investment Traded Fund may not own more than (20%) of the Net Asset Value of the Fund whose Units it owns.

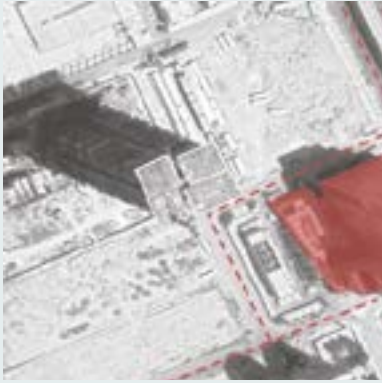
C. Real Estate Assets to be Owned:


The Fund will initially acquire five (5) income-generating Real Estate Assets (all of which are freehold). These Assets serve the hotel sector, hospitality, and tourist accommodation, according to the information provided in paragraph (D) below, knowing that the Fund may acquire additional Real Estate Assets in the future according to the investment opportunities that will be taken into account, the nature of the targeted real estate sector, the expected return, supply and demand levels and other factors based on selective criteria when searching and selecting investment opportunities. The Real Estate Assets are:

1. Vittori Palace Hotel - Riyadh
2. Rafal Ascott Hotel - Riyadh
3. Comfort Inn and Suites Hotel – Jeddah
4. Comfort Inn Hotel - Olaya - Riyadh
5. Clarion Hotel Jeddah Airport - Jeddah


D. Real Estate Assets Overview:

1ST Real Estate Asset - Vittori Palace Hotel		
1	Real Estate Name	Vittori Palace Hotel.
2	Owner Information	Ashaad Company (Kindly refer to Annex No. (2) of these Terms and Conditions and see the owners of this Company).
3	Real Estate Type	Hotel.
4	Country/City	KSA.
5	Location	Khuzam Street - King Abdullah District.
6	Location Plan (Sketch)	
7	Land Area	17,274m ² .
8	Built-Up Area (according to Building Permit)	34,982.44m ² .
9	Number of Floors	4 floors (basement, ground floor and two floors).
10	Type and Number of Units	<ul style="list-style-type: none"> • Basement (parking and services) • Ground floor- (37) Units- (hotel) • Residential ground floor- (9) Units- (residential villas) • First floor- (58) Units- (hotel) • Second floor- (65) Units- (hotel) • Residential First floor (residential villas) • Electricity Room • Loft Conversions- (29) Units- (Hotel) • Loft Conversions (residential villas) • Fences (Services).
11	Occupancy Rate	2021 (57.5%) 2022 (58.5% average occupancy until August 2022).
12	Real Estate Completion Date (according to the Building Completion Certificate)	18-01-2018G.
13	Purchase Price (Excluding the Brokerage Fees and the Value Added Tax)	420,000,000.
14	RETT Value	21,000,000.
15	Brokerage Fees Value	10,500,000.
16	Details of the Current Leases	N/A.
17	Returns in the last 3 years (if any)	(17,418,399) 2021G represents the revenues of the operating part of the asset and represents about 50% of the rooms. (24,208,556) 2022G (Noting that the hotel was fully operational starting from June 2022G).
18	Asset Operation Date	September 2022G.
19	Other Notes	Ashaad Company (the current Owner) will be appointed as a hotel operator and Property Manager under the management and operation of a hotel property for a binding period of 5 years, renewable as per the terms of the contract and secured by promissory note for the entire contract term and an additional mortgage of units of SAR 33,004,650 in the Fund for two years as described in these Terms and Conditions.


2nd Real Estate Asset - Rafal Ascott Hotel		
1	Real Estate Name	Rafal Ascott Hotel.
2	Owner Information	Al-Maskan Al-Hadari Real Estate Development Company (Kindly refer to Annex No. (2) of these Terms and Conditions and see the owners of this Company).
3	Real Estate Type	Hotel.
4	Country/City	Riyadh – KSA.
5	Location	Olaya Street, Al-Sahafa District.
6	Location Plan (Sketch)	
7	Land Area	The total area of the land according to the title deed is 25,462.74 m2. The area of the land is communal according to the title deed and owned by the Fund is 5,312.69 m2.
8	Built-Up Area (according to Building Permit)	39,421 m2 .owned by the Fund 25,462.74 m2
9	Number of Floors	Mezzanine, ground floor, 2nd basement, 1st basement, 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor, 6th floor, 7th floor, 8th floor.
10	Type and Number of Units	<ul style="list-style-type: none"> • Mezzanine (restaurant) • Ground floor- (1) Unit- (reception). • 2nd basement (parking) • 1st basement (parking) • 1st floor- (1) Unit- (management) • 2nd floor- (26) Units- (hotel apartments and services) • 3rd floor- (26) Units- (hotel apartments) • Electricity Room • 4th floor- (26) Units- (hotel apartments) • 5th floor- (26) Units- (hotel apartments) • 6th floor- (26) Units- (hotel apartments) • 7th floor- (24) Units- (hotel apartments) • 8th floor- (24) Units- (hotel apartments)
11	Occupancy Rate	78% for 2022G (until August) 89 % for 2021G 66 % for 2020G
12	Real Estate Completion Date (according to the Building Completion Certificate)	19-07-2016G.
13	Purchase Price (Excluding the Brokerage Fees and the Value Added Tax)	245,000,000.
14	RETT Value	12,250,000.
15	Brokerage Fees Value	0.
16	Details of the Current Leases	<ul style="list-style-type: none"> • A lease for a commercial store (restaurant and café) with the tenant, Ahmed Abdul Rahman Al-Thunayan Group Company, ending on 05/01/2023G. There is a guarantee submitted by the tenant (a promissory note of SAR 1,500,000), and it is renewed under a written contract. • A lease for a commercial store (Lebanese restaurant) with the lessee, Ahmed Abdul Rahman Al-Thunayan Group Company, ending on 16/05/2025G. There is a guarantee submitted by the tenant (a promissory note of SAR 500,000), and it is renewed according to a written contract. • A lease for a commercial store (coffee shop) with the tenant, Ahmed Abdul Rahman Al-Thunayan Group Company, ending on 16/05/2022G. There is a guarantee submitted by the tenant (a promissory note of SAR 500,000), and it is renewed under a written contract.

17	Revenues in the last 3 years (if any)	27,200,000 (Until August 2022G) 39,610,501 (2021) 29,119,858 (2020) 32,521,681 (2019)
18	Asset Operation Date	March 2017G.
19	Other Notes	Al-Maskan Al-Hadari Real Estate Development Company (the current Owner) will be appointed as a hotel operator and Property Manager under the management and operation of a hotel property for a binding period of 5 years, binding and extendable according to the terms of the contract and secured by a commercial letter of guarantee by the operator and guaranteed by the owners of the operator as described in these Terms and Conditions.
3rd Real Estate Asset - Comfort Inn and Suites Hotel		
1	Real Estate Name	Comfort Inn and Suites Hotel.
2	Owner Information	Seera Hospitality Company (Kindly refer to Annex No. (2) of these Terms and Conditions and see the owners of this Company).
3	Real Estate Type	Hotel.
4	Country/City	Riyadh – KSA.
5	Location	King Abdulaziz Road, Al-Zahra District.
6	Location Plan (Sketch)	
7	Land Area	1,560 m2.
8	Built-Up Area (according to Building Permit)	9,655.67 m2.
9	Number of Floors	Basement, ground floor, mezzanine floor, 1st floor, 2nd floor, 3rd floor, 4th floor, repeated floor.
10	Type and Number of Units	<ul style="list-style-type: none"> • Basement • Ground floor- (1) Unit- (commercial). • Mezzanine floor • 1st floor- (11) Units- (commercial). • 2nd floor- (25) Units- (residential) • 3rd floor- (25) Units- (residential) • 4th floor- (25) Units- (residential) • Identical floor- (50) Units- (residential)
11	Occupancy Rate	2021 (none - commissioning) 2022 (59.6% average occupancy until August 2022).
12	Real Estate Completion Date (according to the Building Completion Certificate)	01/10/2021G.
13	Purchase Price (Excluding the Brokerage Fees and the Value Added Tax)	79,400,000.
14	RETT Value	3,970,000.
15	Brokerage Fees Value	1,985,000.
16	Details of the Current Leases	N/A.
17	Returns in the last 3 years (if any)	6,210,000 (Until August 2022G).
18	Asset Operation Date	December 2020 (the soft opening of the Real Estate started at the end of 2020G and until the end of 2021G)
19	Other Notes	Seera Hospitality Company (the current Owner) will be appointed as a hotel operator and Property Manager under the management and operation of a hotel property for a binding period of 5 years, renewable as per the terms of the contract and secured by promissory note for the entire contract term as described in these Terms and Conditions.

4th Real Estate Asset - Comfort Inn Hotel - Olaya

1	Real Estate Name	Comfort Inn Hotel - Olaya
2	Owner Information	Seera Hospitality Company (Kindly refer to Annex No. (2) of these Terms and Conditions and see the owners of this Company).
3	Real Estate Type	Hotel.
4	Country/City	Riyadh – KSA.
5	Location	Wadi Al-Awsat Street, Olaya District.
6	Location Plan (Sketch)	
7	Land Area	1,512.36 m2
8	Built-Up Area (according to Building Permit)	6,001.36 m2
9	Number of Floors	Basement, mezzanine, ground floor, commercial ground floor, 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor.
10	Type and Number of Units	<ul style="list-style-type: none"> • Basement (parking) • Mezzanine (Services) • Ground floor- (1) Unit- (reception) • Commercial ground floor- (1) Unit- (Exhibitions) • 1st floor- (18) Units- (hotel) • 2nd floor- (18) Units- (hotel) • 3rd floor- (18) Units- (hotel) • Electricity Room • Upper Annexes- (1) Unit- (Services) • 4th floor- (18) Units- (hotel) • 5th floor- (18) Units- (hotel) • Fences- (1) Units- (services)
11	Occupancy Rate	N/A (new asset).
12	Real Estate Completion Date (according to the Building Completion Certificate)	The Real Estate is under development. It should also be noted that the building is completed and is awaiting government and related approvals.
13	Purchase Price (Excluding the Brokerage Fees and the Value Added Tax)	60,700,000
14	RETT Value	3,035,000
15	Brokerage Fees Value	1,517,500
16	Details of the Current Leases	The entire hotel will be leased to Seera Hospitality Company (the current Owner) under a Hotel Real Estate Lease with a net rental value of (SAR 4,769,958) for five years, binding and secured by promissory note for the entire term of the contract.
17	Returns in the last 3 years (if any)	N/A (new asset).
18	Asset Operation Date	N/A (new asset).
19	Other Notes	The entire hotel will be leased to Seera Hospitality Company (the current Owner) under a Hotel Real Estate Lease as described in these Terms and Conditions.

5th Real Estate Asset - Clarion Hotel Jeddah Airport

1	Real Estate Name	Clarion Hotel Jeddah Airport
2	Owner Information	Seera Hospitality Company (Kindly refer to Annex No. (2) of these Terms and Conditions and see the owners of this Company).
3	Real Estate Type	Hotel.
4	Country/City	Jeddah – KSA.
5	Location	Prince Majed Street, Nozha District
6	Location Plan (Sketch)	
7	Land Area	3,311,25 m2
8	Built-Up Area (according to Building Permit)	25,312,25 m2
9	Number of Floors	Basement, basement, basement, ground floor, 1st floor, 2nd floor, 3rd floor, 4th floor, identical floor.
10	Type and Number of Units	<ul style="list-style-type: none"> • Licensed basement • Licensed basement • Licensed basement • Ground floor- (3) Units- (commercial) • 1st floor- (1) Units- (commercial) • 2nd floor- (27) Units- (commercial) • 3rd floor- (22) Units- (commercial) • 4th floor- (22) Units- (commercial) • Identical floor- (102) Units- (commercial)
11	Occupancy Rate	2021 (N/A - new asset). 2022 (43.2% average occupancy until August 2022).
12	Real Estate Completion Date (according to the Building Completion Certificate)	08/11/2021G.
13	Purchase Price (Excluding the Brokerage Fees and the Value Added Tax)	147,600,000.
14	RETT Value	7,380,000.
15	Brokerage Fees Value	3,690,000.
16	Details of the Current Leases	The entire hotel will be leased to Seera Hospitality Company (the current Owner) under a Hotel Real Estate Lease with a net rental value of (SAR 11,598,777.00) for five years, binding and secured by promissory note for the entire term of the contract.
17	Returns in the last 3 years (if any)	8,260,000 (Until August 2022G)
18	Asset Operation Date	December 2020G (the commissioning of the Real Estate started at the end of 2020G until the end of 2021G)
19	Other Notes	The entire hotel will be leased to Seera Hospitality Company (the current Owner) under a Hotel Real Estate Lease as described in these Terms and Conditions.

E. Investment Concentration Policy

The Fund aims to invest mainly in major cities in KSA (the Initial Portfolio is concentrated in the cities of Riyadh and Jeddah). The Fund will not invest in the cities of Makkah and AlMadinah. The Fund aims to invest in distinguished locations capable of achieving the expected returns from investments. The Fund also shall have the right to invest a maximum of (25%) of the total value of the Fund's Assets, according to the latest audited financial statements in fully developed Real Estate capable of achieving rental and periodic income outside the KSA. The Fund Manager may also retain a percentage not exceeding (10%) from the net profit annually as cash, through the undistributed retained earnings. The value of the returns for the Real Estate Assets in the Initial Portfolio was determined based on the studies submitted by the Real Estate Valuers, the feasibility study and the internal studies of the Fund Manager. The average occupancy rate for hotels was approved to be 60% upon signing the operating contracts and determining the Fund's returns. Also, the Fund Manager may seek to make an additional acquisition if suitable opportunities become available in accordance with what is stated in these Terms and Conditions. In order to ensure the continuity and stability of distributions to the Fund's Unitholders during the first five years of incorporation, guarantees were taken on the Operators to ensure the minimum income to avoid any fluctuation in distributions until all hotels reach the stage of stable operational ratios (Stabilized Occupancy). It also provides a guarantee for the continuity of asset performance without any impact because the hotel sector is different from other real estate sectors, as it needs daily and accurate supervision and follow-up and ensures the transfer of experience and knowledge of all asset operations to the Fund Manager during the contract term. These guarantees aim to cover any insufficiency or shortage from the target income (noting that the guarantees shall be used only if the income less the minimum). In the event of exceeding the minimum, the Operator shall be entitled to the additional amounts. The guarantees provided represent an addition to the Unitholders who wish to obtain a fixed income and lower risks compared to the expected fluctuations if this type of guarantee is not added. The Fund Manager also believes that these guarantees are sufficient to protect the rights of the Unitholders.

- **Title Deeds:**

Asset	Deed No.	Date
Vittori Palace Hotel	810116047671	23/10/1440H
Rafal Ascott Hotel	310110047579	26/06/1442H
Comfort Inn and Suites Hotel	520205034053	10/02/1441H
Comfort Inn Hotel - Olaya	710104047224	15/10/1440H
Clarion Hotel Jeddah Airport Jeddah Airport	720216025703	10/02/1441H

F. Previous and Targeted Rental (Operating) Returns for each Real Estate / Leasehold:

1st Real Estate Asset - Vittori Palace Hotel						
Year	2020	2021	2022*	2023	2024	Concentration of returns from the Fund's total income
Previous and Targeted Returns	-	17,418,399	24,208,556	33,004,650	33,004,650	44.35%
2nd Real Estate Asset - Rafal Ascott Hotel						
Year	2020	2021	2022*	2023	2024	Concentration of returns from the Fund's total income
Previous and Targeted Returns	29,119,858	39,610,501	27,200,000	18,800,000	18,800,000	25.26%
3rd Real Estate Asset - Comfort Inn and Suites Hotel						
Year	2020	2021	2022*	2023	2024	Concentration of returns from the Fund's total income
Previous and Targeted Returns	-	-	6,210,000	6,239,451	6,239,451	8.38%
4th Real Estate Asset - Comfort Inn Hotel - Olaya						
Year	2020	2021	2022*	2023	2024	Concentration of returns from the Fund's total income
Previous and Targeted Returns	-	-	-	4,769,958	4,769,958	6.41%
5th Real Estate Asset - Clarion Hotel Jeddah Airport						
Year	2020	2021	2022*	2023	2024	Concentration of returns from the Fund's total income
Previous and Targeted Returns	-	-	8,260,000	11,598,777	11,598,777	15.59%
Total Fund Returns	-	-	65,878,556	74,412,835	74,412,835	-
Rate of Return on the Fund's Total Assets	-	-	It is amended when the Fund's operating date is determined.	7.30%	7.30%	
The Net Return from the Fund Expected Total Assets after deducting the Fund's Expenses	N/A	N/A	It is amended when the Fund's operating date is determined.	6.30%	6.30%	

* Until August 2022G

G. Borrowing Powers of the Fund and the Policy of the Fund Manager Exercising Those Powers:

The Fund may obtain financing that is compatible with Sharia Standards and Controls. The percentage of the obtained financing shall not exceed 50% of the total value of the Fund's Assets, according to the latest audited financial statements and after obtaining the approval of the Fund's Board to finance the costs of acquiring Real Estate Assets and the Fund's expenses.

The approval of the mechanism for using the financing and the feasibility of obtaining it depends on considerations related to the arrangement of the financing and the prevailing market conditions. The Fund shall bear all costs involved in financing. The Fund shall have the right, directly or through the SPV, to conclude financing arrangements with the entities licensed to engage in financing activity (banks, counters and finance companies) for obtaining any financing when needed to provide the necessary cash to complete the acquisitions of current or additional Real Estate Assets in the future, or to pay any of the Fund's obligations, or for any other reason deemed by the Fund Manager and approved by the Fund's Board.

It should be noted that the Fund's Assets might be mortgaged for any of the Fund's financiers (banks, counters and finance companies) for obtaining any financing when needed as a guarantee for this financing in accordance with the terms of the financing agreement and related regulations.

It is also worth noting the eligibility of the Fund, through the SPV, to sign promissory notes for the entities financing the Fund licensed by the Central Bank or foreign entities licensed by similar regulatory authorities in their countries (banks, counters and finance companies) in addition to providing guarantees for financing, including mortgaging Real Estate Assets and/or Real Estate Deeds and/or Leasehold for the financing entities, assigning income or rents to the financiers, and opening aggregate accounts for the financiers to deposit the income and revenues ceded.

H. Methods and Ways to Invest the Liquidity Available in the Fund:

The Fund Manager may invest the cash available in the Fund, in Investment Fund Units licensed by the CMA (whether managed by the Fund Manager or by other Managers and the fees will be disclosed in the Fund's quarterly reports) compliant with Sharia Standards and Controls, and at a rate that does not exceed (52%) of the total value of the Fund's Assets, according to the latest audited financial statements, noting that the Fund Manager will select these funds based on several factors such as Fund Managers' experiences, investment strategies and the previous performance of each target fund.

I. Disclosure of the Offering Proceeds uses:

1. The proceeds from the Fund's Offering shall be used to acquire Real Estate Assets and pay fees, costs and expenses as follows:

Statement	Amount (SAR)
Acquisition of Real Estate Assets (Cash)	
Cash Offering Proceeds	511,401,000
The value of cash subscriptions to pay the value of the cash acquisition of Real Estate Assets	441,772,283
RETT	47,635,000
Brokerage Fees Value	17,692,500
Minus: the value of cash subscriptions to provide cash to the Fund and capital expenditures upon Offering	4,301,217
Acquisition of Real Estate Assets (In kind)	
The value of subscriptions in-kind to pay the value of the acquisition in-kind of Real Estate Assets	508,620,000.00
The total value of the subscription to the in-kind and cash fund	1,020,021,000

(*) Disclaimer: The expenses of the Offering Manager and Receiving Entities (of SAR 1,000,000), the fees of the Legal Advisor (of SAR 300,000), the fees of the Engineering Consultant (of SAR 645,150) and the fees of the feasibility study (of SAR 150,000) are included. Alinma Investment Company has been appointed as the Fund's Offering Manager.

A separate bank account (or more) will be opened in a local bank (or more) in the name of the Fund and/or the SPV established by the Custodian. All Subscription returns from investors and Fund income will be deposited in this account(s). Accruals and accrued expenses in connection with the operation and management of the Fund will be drawn from these accounts.

2. Expenses of the Offering Manager and Receiving Entities:

Statement	Value (SAR) VAT not included
Alinma Investment Company (Offering Manager and Receiving Entity)	100,000
Receiving Entities (Alinma Bank)	150,000
Receiving Entities (Al Rajhi Bank)	450,000
Receiving Entities (Riyadh Bank)	300,000
Total	1,000,000

J. Unitholders and the Fund In-kind and Cash Subscriptions Percentage out of the Fund's Total Assets Value:

Subscribers	Number of Units	Value of Units in SAR	Percentage of Subscriber's Ownership of the Fund	Subscription Method
Public	41,140,100	411,401,000	40.33%	Cash
Fund Manager Subscription	10,000,000	100,000,000	9.80%	Cash
Seera Hospitality Company(**)	17,262,000	172,620,000.00	16.92%	In-kind
Ashaad Company (**) (*)	33,600,000	336,000,000	32.94%	In-kind
Total	102,002,100	1,020,021,000	100%	-

(*) Disclaimer: Units of SAR 33,004,650 will be mortgaged to the Ashaad Company in the Fund under a mortgage agreement for the Fund as agreed under the hotel real estate management and operation contract in order to ensure the implementation of the duties, obligations, pledges, declarations and guarantees of Ashaad Company under the hotel real estate management and operation contract. This mortgage shall be effective from the date of registration for the Fund and for two years from that date until it is released by the Fund under a prior written consent.
(**) Disclaimer: There is a one-year ban period for Unitholders of units in-kind who own 5% or more of the Fund's units, according to the Real Estate Investment Funds Regulations.

6. Risks of Investment in the Fund

A. Summary of main risks of investment in the Fund, which would affect the Fund's investments

Before subscribing to the Fund's Units, investors must fully and carefully read the information herein. Especially the Risks of Investment in the Fund, according to what is mentioned in this Article, considering that the risks described are nonexclusive. Accordingly, it is possible that there are other risks that are unknown, specific or visible, now to the Fund Manager that may affect the Fund's investments.

The stated risks - and any other potential risks not identified by the Fund Manager - may cause material and substantial harm to the investments, the Fund and/or the investors. Investment in Units is only suitable for investors who are able to assess the risks associated with such investments, and who have sufficient resources to bear any losses that may result from them.

The value of the Units in the Fund depends largely on the value of the Fund's Assets and the returns that will arise from them in the future, which may decrease with any negative impact of the risks mentioned in this paragraph. The Fund's Assets are also subject to some risks associated with real estate investments that may affect the Fund's net assets and target returns. The investor must be aware that the value of the investment units can go down and up at any time. No assurance can be given that the investment objectives will be successfully implemented or that the investment objectives will be achieved. No guarantee is given to the investor as to the principal amount invested, or about any future returns that are expected to arise therefrom. In this regard, investors must carefully study the following risks associated with the Fund, and other risks before investing in the Fund. The investor can also obtain financial advice from a licensed financial advisor regarding his financial situation and his objectives for investing in this Fund. Investors shall be solely responsible in the event of any material or other loss resulting from investing in the Fund unless it was caused by negligence, fraud and/or misconduct by the Fund Manager based on the Real Estate Investment Funds Regulations.

1. Risks Associated with Investing in the Fund:

- **Investment Nature and No Assurance of Investment Returns Risks:**

The process of investing in the Fund requires a commitment from the investors as described herein. There are no assurances that investors will achieve returns on the invested capital. Furthermore, there will be no assurance that the Fund will be able to achieve positive returns on its investments at the appropriate time or at any time. It may not be possible to sell or dispose of the Fund's Assets, or it may not be possible - if it is decided to dispose of it by sale - to sell it at a price that the Fund Manager believes represents fair value or to be sold within the timeframe sought by the Fund. Considering the above, the Fund may never be able to achieve any returns on its Assets.

There is no assurance that the Fund will succeed in generating returns to investors, or that the returns will be achieved are commensurate with the risks of investing in the Fund and the nature of the transactions contained herein. The value of the Units in the Fund may decrease, and the investors may lose all or part of the capital invested in the project if any of the risks referred to in the Article - Risks of Investment in the Fund- (some or all) are realized. There will be no assurance that the Fund will achieve the targeted returns.

- **Lack of Operating History Risk:**

The Fund is newly established, and the operation of the Fund has not yet begun. Therefore, The Fund does not have an operating history to enable prospective investors to judge the Fund's performance and successes. The Fund Manager's experience in the management of real estate investment traded funds is recent given the fact that they were recently introduced by legislation in the Kingdom of Saudi Arabia. The risks associated with the Fund's future investments may differ substantially from those associated with investments and strategies undertaken historically by the Fund Manager. Last results of the Fund Manager are not necessarily indicative of future performance. Therefore, the novelty of this product shall be deemed a risk as it is difficult to predict the extent of change in the value of Units or the proceeds that are supposed to be distributed.

- **Market Liquidity Risks:**

The Fund intends to apply for admission of the Units to trading on Tadawul. Admission should not be taken as implying that there will be a liquid market for the Units or that it will develop or, if it does develop, that it will be maintained indefinitely the admission. In the event low market liquidity and supply and demand, the liquidity and trading prices of the Units could be adversely affected. In addition, if such a market does not develop, relatively small transactions or intended transactions in the Units may have a significant negative impact on the market price of the Units, whilst transactions or intended transactions related to a significant number of Units may be difficult to execute at a stable price.

- **Operation and Property Management of Real Estate Assets Risks:**

The Operation and Property Management of Real Estate Assets of the Fund involves several risks, including but not limited to:

- Delay in collecting returns.
- Exceeding specified maintenance and operating costs.
- Lack of management quality.
- Inability to market Real Estate Assets.
- Events of force majeure and emergency circumstances described in Article (10), Clause 3.

In addition to other risks, including delays in obtaining approvals and/or renewing government permits necessary for operation, and other government approvals and permits required for Property Management. Since the investment in the Units in the Fund is an indirect investment in Real Estate Assets, the operation of Real Estate Assets will have a direct and significant impact on the value of the Fund's Units in the event of a default or delay in collecting returns.

- **Risk of Changes in Market Conditions:**

The future performance of the Fund would largely depend on changes in the supply and demand conditions of the relevant real estate sector in general and in the regions and cities in which the Real Estate Assets of the Fund are located in particular, which may be affected by global and local economic and political conditions, increased competition resulting in a decline in the value of the Real Estate Assets. The Fund Manager may - according to market conditions and the Fund's cash flow - change the Real Estate Assets strategy in what he deems to be in the interest of the investors and in a manner that does not conflict with the nature of the Fund in accordance with what is explained herein. These changes in the real estate market or the strategy of Real Estate Assets could have a significant negative impact on the Fund's performance and the value of its Units.

- **Risks of Potential Conflict of Interest:**

The Fund may be subject to a conflict of interest, as the Fund may obtain financing from Alinma Bank (as the Fund Manager is a subsidiary and 100% owned by Alinma Bank). In addition, the Fund Manager practices a range of activities that include financial investments and advisory services, and there may arise cases where the interests of the Fund Manager conflict with the interests of the Fund. Although the Fund Manager and any of its affiliates will disclose any conflict of interest that may arise as a result of its management of the Fund, any conflict of interest is likely to limit the Fund Manager's ability to perform its duties objectively, which may negatively affect the Fund's investments and performance.

The Fund may be subject to various conflicts of interest because of the fact that the Fund Manager and affiliates, and their respective directors, officers and associates, may directly or indirectly be engaged in a wide range of business activities. The Fund may often do business with persons, companies, establishments or corporations who have direct relations with the Fund Manager's affiliates in order to facilitate investment opportunities. The entities assigned specific functions by the Fund Board (including the Fund Manager) are not required to devote all their resources to the Fund. In the event any such entity carries out functions or devotes resources to any other entity, its ability to devote its resources and functions to the will be limited. This could adversely affect the Fund's ability to achieve its investment objectives, including increasing its proceeds and ability to achieve a higher market value of the Units. However, in all cases, the Fund Manager and any of its affiliates will disclose any conflict of interest that may arise as a result of its management of the Fund, taking into account the Fund's eligibility to invest in funds managed by the Fund Manager in accordance with what is contained herein. Kindly refer to Article 21 of these Terms and Conditions.

- **Political Risks:**

The performance of the Fund may be affected by the negative effects resulting from unforeseen political events within the local or regional scope of the location of the Fund's investments. Such political events and instability often directly or indirectly affect the economic and commercial sectors negatively, including the real estate sector, which is the place of the Fund investment, which is reflected in the Fund's returns and the value of its Units negatively.

- **Risks of Dependence on Key Employees :**

The Fund's success will principally depend on the success of its management team including Fund's Directors, Property Managers and Operators. The loss of the services of any of the members of such management team in general (whether such loss is through resignation or otherwise), or the inability to attract and retain additional personnel, could materially affect the Fund's business and prospects. The lack of a successful team to manage the Fund adversely affects the ability to achieve growth in the Fund's properties and assets, and the ability to negotiate in the best interest of the Fund, thus reflecting on the Fund's returns and Unit value.

- **Risks of Investment in Funds Licensed by the CMA:**

They are all the risks that may be exposed to other investment funds in which the Fund may invest, which is the failure of any debtor of the invested fund to fulfil its contractual obligations with the agreed party, which may cause the Fund to lose all or part of the amount invested in these transactions, which in turn may negatively affect the Fund's performance and consequently the Unit value will decrease.

- **Risks of No Assurance of Compliance with Sharia Standards and Controls:**

Different Sharia advisors, Saudi courts and judicial committees may have different opinions on similar matters regarding compliance with Sharia Standards and Controls. Thus, prospective Unitholders may wish to consult with their own legal and legislative advisors to obtain an opinion if they so wish. Although the Sharia Supervisory Committee has reviewed the documents related to the Fund, its view of the Fund's commitment to Sharia Standards and Controls will not obligate a Saudi court or judicial committee. Any court or judicial committee in the KSA will have the power and the right to decide for itself whether or not the Fund is in compliance with the KSA's Laws and Sharia Standards and Controls. Therefore, the Sharia Supervisory Committee's view of the Fund's compliance with Sharia Standards and Controls is subject to change and divergence from other Sharia scholars. There is no assurance that the Fund will be considered compliant with Sharia Standards and Controls by anyone other than the Sharia Supervisory Committee.

- **Risks Associated with Sharia Standards and Controls:**

The Fund's investments must be made in line with the Sharia Standards and Controls as determined by the Sharia Supervisory Committee. These guidelines apply both to the structure of the investments and to the activities of the Fund and diversification of investments. In order to comply with such Standards and Controls, the Fund may be forced to divest an investment if the investment or the investment structure relating to that investment violates the relevant Shari'a Standards and Controls. Additionally, in complying with the Shari'a Standards and Controls, the Fund may lose investment opportunities if a proposed investment is ultimately determined by the Sharia Supervisory Committee not to be compliant with the Shari'a Standards and Controls, and thus cannot be considered by the Fund. These factors may, under certain circumstances, have an adverse effect on the financial performance of the Fund or its investments, as compared to the results that might be obtained in the absence of the Fund's Shari'a investment Standards and Controls.

- **Risks of Non-Participation in the Management:**

Except as provided herein, investors shall not have the right or authority to participate in the management of the Fund, or to affect any of the Fund's investment decisions. All management responsibilities are assigned to the Fund Manager. These decisions affect the activities of the Fund and therefore the Unitholders.

2. Risks Related to the Units of the Fund

- **Risks of Limited Recourse:**

The investment in the Fund is not a deposit in the bank or other secured depository institutions, and the Units represent common ownership in the Net Asset Value of the Fund. The Fund Manager and/or Custodian shall take adequate measures to separate the Fund's assets from any other assets. These procedures include - but are not limited to - creating a separate bank account for the Fund, keeping accounting books and records of Real Estate Assets, etc., and the Fund Manager is not obligated to Unitholders for any returns or commission. There is also no assurance that the Fund's liquid or enforceable assets will be sufficient to pay all the expected returns of the Units or to ensure that the Unitholders will recover all their money.

- **Risks of Trading at Price Lower than Initial Offering Price:**

The Units may be traded at a price lower than the offered value, and the Unitholders may not be able to recover the full value of their investments. The Units may be traded at an undervalued rate for several reasons, including, unexpected market conditions, weak expectations of investors about the feasibility of the Fund's strategy and investment policy, and increase of demand for Units. Also, sales by Unitholders of a large number of Units lead to a significant and negative reduction in the market price of the Unit. Accordingly, the purchase of Units is only suitable for investors who can bear the risks associated with these investments, especially as this may lead to difficulty in exiting the Fund or exiting it at a value less than the market value of the Fund's assets.

- **Risks of Unit Sale Increase:**

The subsequent sale of a large number of Units by Unitholders may significantly reduce the trading price of Units. Any rumours about the Fund's performance may lead the Unitholders to sell their Units, which will negatively affect the Unit price.

- **Risks of Units Delisting/Suspending:**

There is a risk that the CMA may cancel the listing or suspend the trading of the Fund's Units at any time if the CMA considers that this is necessary to protect investors or maintain market regulation, or if it considers that the Fund Manager or Custodian has fundamentally failed. The CMA may also cancel or suspend the listing according to Article (Sixteen) of the Real Estate Investment Funds Regulations if the Fund fails to meet the liquidity criteria, as indicated by the Market in accordance with the listing rules, and the likely in this case will be outside the Fund Manager's control. Thus, it limits the ability of Unitholders to dispose of their Units owned in the Fund.

- **Risks of Distributions Fluctuation**

While the Fund Manager aims under the Real Estate Investment Funds Regulations, to distribute at least (90%) of the Fund's net profits twice annually, however, there are no guarantees regarding the amounts of future distributions that the Fund will make to Unitholders.

- **Risks of Reflection of Underlying Value**

The market trading price of the Units may not reflect the underlying value of the investments to the Fund. Capital Markets witness are exposed to large fluctuations in prices and trading volumes from time to time, leading to adverse effects on the Unit value and trading price. As a publicly traded Fund, the Fund's Unit price is affected by some factors, many of which are beyond the control of the Fund.

- **Risks of Unit Liquidity:**

As an exception to the Fund's termination at the end of term in accordance with what is stated herein, the Unitholders will be able to achieve return on their investments only through the trading of Units in the Market, and annual distributions of dividends. Although the Units will be tradable, liquidity ratios of real estate investment fund units may be lower than the market liquidity of shares of listed companies. Moreover, it is likely that there is no market liquidity for Units, where Unitholders may have difficulty in selling units at the offered market price and/or the prevailing net asset value of Units.

Risks of decreasing ownership ratios in the event of an increase in the total value of the Fund's Assets in accordance with the requirements imposed by CMA in this regard:

If the Fund decides to increase the total value of its Assets in accordance with the requirements imposed by the CMA in this regard, this may require more funding by issuing new Units. This may lead to a decrease in the ownership percentages of Unitholders and their voting rights, in addition to the percentage represented by the Units owned by them in the Fund from the total amounts of Subscriptions made in the Fund.

3. Risks Related to the Assets of the Fund

- **Risks of Real Estate Investments:**

The investment in the Units of the Fund is subject to some risks associated with the ownership of Real Estate Assets and the real estate sector in general; Since the value of the Fund's investments in Real Estate Assets, the net unit value can be negatively affected by some of factors, including: depreciation of Real Estate Assets, inability to liquidate investments, risks related to local, regional and international economic conditions, natural disasters, terrorist acts, wars, compliance with environmental laws, and environmental responsibility, high financing costs, excessive construction of real estate, financial conditions of buyers, vacancy of Real Estate Assets for long periods, increased fees and taxes imposed on real estate, changes in urban planning regulations, delays in development work, cost overruns, financial risks and increased competition, and other conditions in KSA that affect real estate prices, which will have a negative impact on the Unit price.

- **Risks of Construction and Development Works Completion Delay:**

Any work on Real Estate Assets for improving and developing them will be related to issues related to planning, development, construction, real estate re-planning, and environmental and societal obligations during development and improvement. Any delay that may occur in the completion dates of the improvement and development works will negatively affect the Fund's investments, returns and distributions.

- **Risks of Buying and Selling Real Estate Assets and their Impact on the Real Estate Sector Fluctuations:**

Investments will be subject to risks related to real estate ownership, leasing, development of its operations or redevelopment, including, but not limited to, those risks related to the general economy and real estate conditions in particular related to buying and selling. Due to the possibility of fluctuations in the real estate sector, there is a possibility that the Fund may acquire Real Estate Assets whose value may deteriorate later, which will have an impact on the market value of the Fund's investments, and thus on the Fund's ability to provide dividends to investors. In addition, each tenant and/or Operator of any of the Fund's Real Estate Assets may be subject to stagnation leading to default in the payment of rental and/or operating dues. Any tenant and/or Operator may seek protection against applicable bankruptcy or insolvency regimes which could lead to denial of the lease and/or operation, termination or other adverse consequences. The Fund may be affected upon sale by not collecting some rents, revenues, tax increases, or hidden defects in the structure of the Real Estate Assets, which negatively affects the Fund.

- **Real Estate Development Risks:**

It should be noted that there are no real estate development projects in the Real Estate Assets targeted by the Fund, but the Fund's investment in any real estate development projects in accordance with these Terms and Conditions may entail a number of risks arising from real estate development. The risks arising from real estate development include, but are not limited to, the following: (i) Delay in the timely completion of works, (ii) costs overrun, (iii) the inability to realize leases at the expected levels, (iv) force majeure resulting from factors outside the Fund's control and related to the contracting sector (including weather conditions, environmental conditions and shortage of building materials in the market) and (v) the issuance of any decisions related to increasing the percentage of Saudization in the contracting sector that may have an impact on the availability of manpower to carry out development work, which delays the completion of real estate development projects.

The Fund's investment in any real estate development projects also involves other risks, including obtaining government approvals and permits necessary for the division of land and occupancy, and other required government approvals and permits, and real estate development costs related to projects that have not been followed up until completion. The Fund may not succeed in achieving its investment objectives if any

required municipal approval or consent is refused or granted on unacceptable or unreasonable terms. In such cases, the Fund may not be able to proceed with the investment or development of the Real Estate Asset in question, which will negatively affect the value of the Units as the expected returns from real estate development will not be collected on time. The successful completion of those projects will have a direct and significant impact on the value of the Units, and any failure in that would lead to a reduction in the distributions to investors and the net asset value of the Fund.

- **Custodian Risks:**

Notwithstanding the obligations imposed on the Custodian regarding the separation of the Fund's Assets from its assets, the assets of the Fund Manager and the assets of its other clients, when the Custodian is exposed to cases of insolvency or bankruptcy or does not perform its duty as required, it may affect the Real Estate Assets whose ownership will be registered in the name of the SPV, which may negatively affect the Fund's investments, returns and distributions.

- **Risks of Operators or Property Managers:**

The Fund will rely on the experience of Operators and Property Managers contracted to operate and manage the Real Estate Assets, and therefore the returns arising from Real Estate Assets depend on the ability of the Operators and Property Managers to lease, operate, manage and collect. In addition, Operators and Property Managers may contract with service providers such as security guards, maintenance, cleaning and other services necessary for the management and operation of the property. Accordingly, any breach or omission on the part of any of these (including Operators and Property Managers) will directly and negatively affect the performance of the Fund, its returns and its distributions.

- **Risks of Force Majeure:**

The value of the Fund and its investments may be negatively affected by developments that accompany any events related to force majeure, emergency and other exceptional circumstances, or the actions accompanying these events due to matters and circumstances beyond the will and control of the Fund and/or the Fund Manager, which may include, but are not limited to, acts of God, diseases, epidemics and pandemics, government orders or decisions related to precautionary and preventive measures, earthquakes and strikes, terrorist acts, wars, floods, fires, and others, which may adversely affect the Fund's investments and the Unit price.

It should also be noted that the Fund Manager will not be liable to the Unitholders for any temporary or permanent loss of their investments, whether directly or indirectly, due to any events related to force majeure or emergency circumstances or the procedures accompanying these events. In the event of any of these events, any obligation of the Fund under these Terms and Conditions will be deferred as required by that event. The Fund Manager will announce the force majeure event or emergency circumstances according to the imposed statutory requirements and it will be binding on all investors in the Fund.

- **Risks of Competition between Real Estate:**

There will be many other real estate assets located in the same areas as the Real Estate Assets of the Fund that will compete with the Real Estate Assets of the Fund in attracting tenants. The number of these competing real estate assets will have an impact on the Fund's ability to lease and/or operate its assets

and on the amounts that it can collect as rents and/or returns for these Real Estate Assets, which may lead to a decrease in the Fund's cash flows. The Fund's performance may be negatively affected if the proportion of the competing real estate supply increases, or existing Real Estate Assets are developed in the same locations as the Fund's Real Estate Assets, which may force the Fund to make improvements or capital developments on the Real Estate Assets it owns to maintain them or create a competitive advantage, and thus will affect the periodic distributions made by the Fund, which will negatively affect the Unit price.

- **Risks of the Fund's future revenues being dependent on its ability to attract interested tenants/buyers of Real Estate Assets:**

A large part of the Fund's income is income from leasing and/or operating and/or selling its Real Estate Assets, and there is no assurance that the Fund will be able to achieve this according to the terms and conditions it seeks, which will affect the periodic distributions made by the Fund.

- **Risks of Fixed Costs:**

The income from rental, operation and/or sale of Real Estate Assets that will be returned to the Fund may decrease as a result of various negative changes affecting Real Estate Assets or the tenants/buyers of the Fund. Some of the Fund's major expenses, including maintenance and operating costs of Real Estate Assets and financing expenses, may not decrease when revenue declines. If the rental/sale prices and operating income decrease while the costs remain the same, the Fund's revenues and the funds available for distribution to Unitholders may decrease successively.

- **Risks of Inability to Exit from the Fund's Investments on Advantageous Terms:**

Some Real Estate Assets owned by the Fund may not witness an increase in their value over time, or the increase in their rents may be less than the fair market ratio in the future. For these or other reasons, the value of the Real Estate Assets for any potential buyer may not increase over time, which may limit the ability of the Fund Manager to sell such assets. If the Fund manages to sell it, it may be sold at a price lower than the original purchase price of the real estate in question, which means a decrease in the collected funds that the Fund can use to carry out acquisitions of other additional real estate assets and a decrease in the capital return of the Fund, and thus a decrease in the value of the investment as a whole, which negatively affects the Fund's returns and distributions.

- **Risks of Concentration by Geographic Location:**

Based on the Fund's strategy, and given the initial concentration of the Fund's investments in Riyadh and Jeddah, where the Real Estate Assets are located, the Fund's results and financial position will be affected by the economic conditions in the KSA and the global economic conditions that affect the KSA's economy, especially the cities in which the Real Estate Assets are located and/or may be affected. Therefore, any contraction in the real estate sector and in the tourism and hospitality sector in particular in the cities of Riyadh and Jeddah or any city in which the Fund may invest in the future will negatively affect the performance of the Fund.

- **Risks of Tourism Seasonality:**

The seasonal nature of the hotel sector, hospitality and tourist accommodation in the KSA may have a material negative impact on Real Estate Assets. The hotel sector, hospitality and tourist accommodation is seasonal in nature, and achieves the highest occupancy rates in general in certain seasons, taking into account the modernity of the hotel sector, hospitality and tourist accommodation in the KSA. This seasonal nature is expected to cause cyclical fluctuations in room revenue, room rates, occupancy rates and operating expenses. The Fund cannot provide any assurance that the cash flows will be sufficient to offset any decline that may occur as a result of these fluctuations. Consequently, the fluctuation in the financial performance resulting from the seasonal nature of the hotel sector, hospitality and tourist

accommodation may have a material negative impact on the financial position of the Fund, its cash flows and the results of its operations, and consequently the cash distributions and the value of the Units. In addition, although the Ministry of Tourism is currently making great efforts to encourage tourism, any negative change in the issuance of visas or in any of the regulations related to the hotel sector, hospitality and tourist accommodation may affect the hotel sector, hospitality and tourist accommodation in the KSA, including the investments of the Fund.

- **Risks of the Hotel Sector, Hospitality and Tourist Accommodation:**

The Fund's performance will be affected by factors affecting the hotel sector, hospitality and tourist accommodation in general. These factors may include factors related to the levels of demand, including any economic contraction, any outbreak of diseases or epidemics, quarantine restrictions, restrictions related to public health, any laws or regulations (including those relating to taxes and fees), disruption to local, national or international transportation services, restrictions, prohibitions, or any similar situation, factors related to the levels of supply, including the increase in the supply of hotels, either in general or in a particular sector or place or in a particular category. The hotel, hospitality and tourist accommodation sector is characterized by a cyclical pattern. Macroeconomic and other factors may have a negative impact on business and personal spending which leads to lower occupancy rates and room rates and affects the overall value of real estate in the hotel and hospitality sector. Therefore, the Fund may need to exit from any of its Real Estate Assets for an amount less than the acquisition cost, which leads to a capital loss and may not be able to achieve the targeted returns.

- **Risks of Hotel Reclassification:**

Given the Fund's focus on the hotel sector, hospitality and tourist accommodation, and that the Real Estate Assets are intended for use as hotels serving the hotel sector, hospitality and tourist accommodation. As is well known, hotels in accordance with the relevant laws and regulations applied by the competent authorities (Ministry of Tourism) require them to fulfil the licensing and classification requirements for hotels, as the classification categories are divided into (one star, two stars, three stars, four stars, five stars, six stars) according to the tourist accommodation facility annex. In addition, hotels are subject to periodic control and supervision by the Ministry of Tourism. Accordingly, there are no assurances that the Real Estate Assets of the Fund, as hotels, will not be reclassified to a category lower than their current category by the Ministry of Tourism, which in turn will affect room rates, licensing agreements, management and operation, which will negatively affect the Fund's investments, returns and distributions.

- **Risks of Illiquid Nature of Real Estate Assets:**

Real Estate Assets are generally an illiquid class of assets and therefore it may be difficult for the Fund to sell any of its Real Estate Assets at a specific price and obtain a return at any time at its will. It may be difficult for the Fund to sell any of its Real Estate Assets without being subjected to a discount in price (especially in times of market decline, especially those assets that are liquidated as large real estate assets), especially if the Fund is forced to sell any of its Real Estate Assets.

- **Risks of Non-occupancy of Real Estate Assets for Long Periods:**

Due to a decrease in demand or for any other reason, when any of the Fund's Real Estate Assets become vacant for long periods due to any reasons or circumstances, the Fund may have a decrease in returns, and consequently a decrease in the periodic distributions to the investors in the Fund. Moreover, since the value of Real Estate Assets is highly dependent on the lease and/or operating contracts of that asset, the value that can be collected from the sale of those assets that have not been leased and/or partially or fully occupied for relatively long periods of time may decrease. Consequently, the returns that can be achieved for investors in the Fund may decrease, which negatively affects the Fund's investments, returns and distributions.

- **Risks of Investment in Leasehold:**

Although the targeted Real Estate Assets of the Fund do not contain Leasehold and all of them will be acquired as freehold ownership, however, according to what is stated herein, the Fund may invest in Leasehold. Consequently, the investment in the Leasehold may result in the non-compliance of any of the related parties under the contracts that will be concluded regarding the investment in the Leasehold. Accordingly, cases of non-compliance may lead to the cancellation of these Leasehold, and these Leasehold may also be cancelled in cases of expropriation of the Real Estate Assets invested in through the Leasehold, which reflects negatively on the Fund's returns and the value of its Units.

- **Risks of Investment in Constructed Developed Real Estate Capable of Realizing Rental and Periodic Income Outside the KSA:**

Although the targeted Real Estate Assets of the Fund do not contain any real estate assets outside the KSA, according to what is stated herein, the Fund may invest in real estate assets outside the KSA. Thus, investing in real estate assets outside the KSA involves many risks such as currency exchange rate, political and economic fluctuations, high costs for the investor and information security risks. The Fund Manager will seek to enter into investments subject to regulatory and supervisory requirements at least similar to those applied by the KSA, whenever it decides to invest outside the KSA. However, if any of the above occurs, it may affect the Fund's profits and/or the valuation of its Assets, which will negatively affect the price of its Units.

- **Risks of Rising Operating Costs:**

The Fund's purchase of any real estate assets involves operational risks in general, which may adversely affect the performance of the Fund. If any of the Fund's Real Estate Assets are partially vacant, or if the revenues collected are insufficient to cover the operational costs of that asset, the Fund will have to cover the operating costs of that asset from the rest of its assets. The Operating Costs of Real Estate Assets include, but are not limited to, the costs of utilities and public services, management fees, insurance on the Real Estate Assets, repairs and maintenance, and other costs related to the operation of the Fund's Real Estate Assets, which negatively affect the Fund's investments, returns and distributions.

- **Risks of Real Estate Insurance:**

The Fund may undertake Takaful insurance on all Real Estate Assets owned by the Fund to reduce the risk of direct physical damage that may fall on any of these Assets.

The material damages that may fall on Real Estate Assets may exceed the value of the amounts received through insurance, as the terms of the insurance policy may not cover the total losses that the Fund will incur. This means that part of the costs of rehabilitating the construction of Real Estate Assets will fall on the Fund. In addition to not compensating the Fund for part or all of the loss resulting from not collecting rents and/or returns from the affected Real Estate Assets, which means that the periodic distributions to Unitholders will be negatively affected. There are also types of material losses and damages resulting from natural disasters that cannot be insured, or whose insurance is not economically viable, or can be insured in a limited and conditional way, or the Fund becomes unable to continue to obtain insurance coverage at commercially reasonable prices. These losses and damages include those caused by wars, terrorist acts, earthquakes, floods, hurricanes, environmental disasters and other destructive events that may occur on a large scale. In such cases, the Real Estate Assets of the Fund may not have adequate insurance coverage or no insurance coverage at all. In the event of a catastrophic event that leads to damage or destruction of one or more of the Real Estate Assets of the Fund, the Fund may lose the amount of its investment in that asset and the profits that it was expected to achieve by leasing it. This will negatively affect the Fund's investments, returns and distributions.

- **Risks of Financing and Mortgage:**

As the Fund Manager may seek to obtain financing for the Fund in accordance with what is stated herein, however, the economic conditions related to the local and global monetary and financial policy may lead to higher financing costs. Also, financing costs in general may have a negative impact on the net returns of the Fund in the event of a decrease in the rental and/or operating returns for one reason or another. Thus, it will have a negative impact on the performance of the Fund as a whole, and the use of financing may lead to a decrease in the net value of the unit in the event of a decrease in the value of the Real Estate Assets of the Fund. All of these reasons may lead to negative effects on the Fund's operational results and its financial position.

Also, in the event of obtaining financing and the decrease of the Fund's returns less the value of the Murabaha profits on the financing, this leads to an additional decrease in the value of the Fund's returns. Moreover, the Assets of the Fund can be pledged to the financing parties for the Fund only. These financiers may claim the assets upon any default (as stipulated in the financing documents) by the SPV or the Fund itself.

- **Risks of Entering into Restricted Financing Agreements:**

Some financiers may place restrictions on the Fund that limit its ability to make periodic distributions, the value of the investment as a whole, the Fund's operational policies, and the Fund's ability to obtain other financing. Financing agreements may include clauses related to the extent of the possibility of mortgaging real estate assets more than once, or the type and terms of insurance contracts on mortgaged real estate assets, or even changing one of the other parties involved in the Fund's work, such as Operators and Property Managers. Such and other restrictions may limit the Fund's ability to achieve its investment and operational objectives. Consequently, it may negatively affect the value of the investment Units and the amount of periodic distributions, which negatively affects the Fund's investments and the Unit price.

- **Risks of High Murabaha Ratio on Financing:**

In the event that the Fund obtains financing/facilities with variable profit, the increase in profit rates will lead to an increase in the percentage of Murabaha profits paid on the financing, and thus reduce cash flows and thus the ability of the Fund to make periodic distributions. In addition, when the Fund repays financing with a variable profit rate during periods of high profit rates, it may have to liquidate one or more of the Fund's Real Estate Assets at a time that may not be suitable for selling such assets, which may negatively affect the Fund's investments and the unit price.

- **Risks of Investment in Real Estate Companies:**

In accordance with what is contained herein, and whenever the Fund invests in real estate companies, such investment involves the same general risks to the real estate sector as contained herein. Thus, its impact extends to the shares owned by the Fund, and no assurance can be given that the Fund will be able to achieve any return on the invested capital.

- **Risks of Taxation of White Lands:**

Although the Fund may not invest in White Lands, Unitholders may bear the negative effects of imposing fees on White Lands, which is the expansion of the establishment of income-generating real estate projects because of developing White Lands. Consequently, the value of the Fund's assets decreased which affects the Fund's returns negatively, in addition to imposing fees on White Lands in KSA. These fees provide an incentive for other developers to develop underutilized land, but can also lead to increased levels of competition in the real estate market.

- **Risks of Acquisition of the Target Real Estate Assets:**

Taking into account the Fund Manager's commitment to the Real Estate Investment Funds Regulations, the Fund expects to complete the acquisition of the Target Real Estate Assets within 60 days from the end of the Offering Period. Despite the legal obligation of purchase contracts, in the event that either party to the purchase contract fails to fulfil their obligations, the acquisition of all or part of the Target Real Estate Assets may not take place within 60 days from the end of the Offering Period or at any time at all. In this case, the Fund will need to identify and close acquisitions of other Real Estate Assets before it can begin making distributions to Unitholders. In the event that this is not possible, the Fund Manager will liquidate the Fund and carry out the procedures referred to in Article 10 thereof.

- **Risks of Availability of Appropriate Investments:**

Some of the Fund's investments, as at its date, are selected by the Fund Manager. Therefore, there will be no room for Unitholders to evaluate economic, financial or other factors in relation to future investments (additional Real Estate Assets that the Fund may acquire in the future). No assurance can be provided that the Fund Manager will be able, after acquiring the Target Real Estate Assets, to identify investments in line with the investment objectives of the Fund, specifically in the current market environment. Determining and structuring the appropriate investments for the Fund is somewhat complex and highly uncertain. The inability of the Fund Manager to determine the appropriate investments may negatively affect the ability of the Fund to achieve the desired growth in the market value of the Units, and the delay in identifying and acquiring the appropriate real estate assets negatively affects the periodic distribution of profits, which will negatively affect the Unit price.

In addition, as indicated on the date of these Terms and Conditions, with the exception of the Target Real Estate Assets, the Fund Manager did not specify the Fund's investments to be made after the Listing Date (the additional real estate assets that the Fund may acquire in the future). Investors in the Fund will not have any room to evaluate the economic, financial and other relevant information relating to those assets.

- **Risks of Expropriation:**

Some government entities in the KSA may expropriate Real Estate Assets for the public benefit (for example, but not limited to, building roads and public utilities). In theory, it is assumed that the compensation value of the expropriated real estate is equal to the market value of this asset. However, this matter is not guaranteed, as the compensation value may be less than the market value of the real estate asset at the time of expropriation or the value paid upon purchase, or the compensation value may be in kind (an alternative real estate asset). In the event of expropriation, the compulsory acquisition of the real estate asset takes place after an unspecified legal notice period, because its approval is carried out under a special law. Although compensation may be paid, there is a risk that the value of the compensation will be insufficient in comparison with the size of the investment, the lost profit or the increase in the value of the investment. In the event of expropriation, the value of the distributions to the Unitholders, the value and trading price of the Units will decrease and the Unitholders will lose all or part of the invested capital.

- **Risks of Tenants and/or Operators in Specialized Sectors:**

Taking into account the Fund's focus on the hotel sector, hospitality and tourist accommodation in its investments, the performance of the Fund will be affected by the factors that affect the specialized real estate sectors such as the hotel sector, hospitality and tourist accommodation in its investments in which the Fund invests or in which it may invest in the future. Considering that the specialized real estate sectors require management and operation by specialized and licensed bodies, given that they are specialists, and the success of such specialized sectors such as the hotel sector, hospitality and tourist accommodation

depends largely on the capabilities and expertise of those specialized and licensed bodies. Therefore, in the event that any of the regulatory authorities to which any of the specialized, licensed and contracted bodies may be subject to the Fund did not renew, cancel or refuse to extend any of the licenses or approvals or impose any specific restrictions, this may have a negative impact on the Fund's investments. Thus, negatively affecting the periodic distribution of profits, which will negatively affect the Unit price.

- **Risks of Counterparty' Breach of Obligations:**

The Fund will be exposed to the credit risks of the parties with which the Fund transacts business. The Fund may also bear the risk of settling breach, default and late payment of tenants and/or Operators. The Fund will also be exposed - in certain circumstances - to the risks of default and breach by other contracting parties of their obligations, including but not limited to Property Managers, Operators, Custodian and/or Auditor, which would adversely affect the performance of the Fund and thus the Unit price.

- **Risks of Fund's Net Asset Valuation**

The Fund's NAV is calculated once every six months. However, the value of underlying investments may change during the period between valuations. Therefore, the market price of the Units may be determined based on historical data which do not reflect the present value of the Fund's underlying investments. In addition, some of the fees due and payable to the Fund Manager do not change except from one change to the next. Thus, the Unitholder is not aware of the new Fund's NAV during the period, and may dispose of the Fund Units in a manner which may adversely affect the returns on his investment.

- **Risks of Real Estate Assets Valuation:**

The valuation of Real Estate Assets in general depends on various factors that may be difficult to determine, as the Real Estate Assets of the Fund is valued based on calculations and estimates prepared by Independent Valuers. The valuation process is also an assessment process for the value of Real Estate Assets and is not an accurate measure of the value that can be obtained when selling those Real Estate Assets. The Real Estate Assets will also be valued by accredited and independent Valuers who are known for their experience, honesty and knowledge in the real estate sector in accordance with the requirements imposed by the CMA's regulations. If the Valuers specify a value less than the value expected by the Fund, this may fundamentally affect the rate of returns that the Fund is expected to achieve, and thus negatively affect the Fund's revenues.

- **Risks of The Challenge of Ownership of Fund's Real Estate Assets:**

Real estate ownership in the KSA raises a number of potential legal issues, as there are no effective and binding central real estate registries in the KSA. Also, title deeds may not necessarily represent full disposition rights in real estate ownership and may be subject to challenge as Saudi courts do not recognize a buyer's "good faith" defence against real estate claims. Moreover, it is not necessary to have a contract between two persons in order for one of them to demand the other to return the ownership of a real estate asset. Accordingly, legal disputes may arise in relation to the Real Estate Assets that the Fund will acquire (through the SPV), which may weaken the ability of the Fund (through the SPV) to dispose or transfer the assets with ownership free from mortgage and restrictions. In some cases, it may cause the Fund to lose ownership of the Real Estate Assets that it believed had been legally acquired. In addition, these disputes and disagreements over ownership may materially affect the value of real estate assets, and thus the value of the Units in the Fund.

- **Risks of Fund Termination:**

In the event the Fund is terminated, the Fund Manager shall initiate the liquidation procedures. This may result in the Fund's assets being sold at times that are not ideal, or at a price that may not reflect the fair market value, or in a manner that may not be the best way to sell them. All of these matters have substantial negative effects on the Funds' returns, as well as the final price received by the Unitholder.

4. Other Risks:

- **Risks of the Fund's Legal Status:**

The Fund does not have a special legal personality; however, it is a contractual arrangement and agreement between the Unitholders and the Fund Manager, and this contractual relationship between the Unitholders and the Fund Manager is established under these Terms and Conditions. Therefore, how any Saudi government authority or Saudi court interprets the difference between the status and legal entity of the Fund and the status and legal entity of the Fund Manager and/or the SPV is a potential risk to the legal status of the Fund and this is a matter that, as far as we know, has not yet been tested in the KSA. However, any changes in the Capital Market Law in the KSA, amendments to the regulations, or inappropriate interpretations of any of this may have significant impacts on the Fund's activities and performance. The Fund and the Unitholders will bear the risks associated with any such changes or interpretations, any of which may be unsuitable for them. These may include ownership restrictions, valuation procedures, etc., which may adversely affect the Fund and its investments.

- **Risks of Technology:**

The Fund Manager depends on the use of technology in managing the Fund. However, its technical information systems may be exposed to penetrations, viruses, or partial or complete failures that are outside the Fund Manager's will and control, and which limit the Fund Manager's ability to effectively manage the Fund's investments, which adversely affects the Fund's performance and consequently the Fund's Unitholders.

- **Risks of Legal, Regulatory and Legislative:**

The information contained in these Terms and Conditions is based on the laws, regulations and legislation in place at the time these Terms and Conditions were issued. Regulatory, legislative or other changes may occur to the investment environment in the KSA during the term of the Fund, which could have a negative impact on the Fund, its investments, or Unitholders.

- **Risks of Zakat, Fee and Tax Imposition:**

The information contained in these Terms and Conditions is based on the existing tax and zakat legislation and regulations at the time these Terms and Conditions were issued. Changes may occur in the legislation and tax and zakat regulations during the term of the Fund, which may have a negative impact on the Fund, its investments, or Unitholders. In the event that there are any changes to the tax and zakat legislation and regulations during the term of the Fund, the Fund will be bound by these changes in the tax and zakat legislation and regulations and will bear the responsibility for that. The Fund Manager shall not be liable for any taxes, zakat or any other sums imposed or may be imposed by any relevant body in connection with the Fund's assets. (Including but not limited to white land fees or any contracts between sellers of Real Estate Assets and other parties prior to the establishment of the Fund). Whenever the Fund incurs any tax, this will reduce the cash available for the Fund's operations as well as the possible distributions to be paid to Unitholders. Therefore, prospective investors should consult their tax advisors regarding the tax implications of investing in, holding and selling units.

- **Risks of Value Added Tax (VAT):**

As it is known, the VAT has been implemented from January 1, 2018, as a tax added to the tax law and other fees to be applied by specific sectors in the KSA, according to what was announced by the Zakat, Tax and Customs Authority (ZATCA) in the KSA. Thereupon, whenever any of the cases of VAT apply to any of the services provided to the Fund or to any income to the Fund, this will have an impact on the Fund. As any other laws and regulations, in the event of a breach of any of the obligations imposed under the laws and regulations related to VAT, this would lead to the imposition of financial fines and other legal penalties, which may negatively affect the Fund and its investments.

Accordingly, Unitholders shall seek advice regarding the impact of VAT on their investment in the Fund.

- **Risks of RETT:**

The RETT has been implemented as of 17/02/1442H, according to the announced by ZATCA. It is imposed on all real estate transactions in accordance with the percentage specified under the Implementing Regulations of the RETT and any amendments thereto, and it is obligatory before or during emptying by the seller or what is agreed upon. Like any other laws and regulations, in the event of a breach of any of the obligations imposed under the laws and regulations related to the RETT, this will lead to the imposition of financial fines and other legal penalties, which may negatively affect the Fund and its investments.

- **Risks of Income Tax:**

There are currently no taxes levied on investment funds within the KSA, however, there is no assurance that the current regulations in force within the KSA will not change. Therefore, the Fund will abide by any changes to the regulations and will take responsibility for it. Neither the Fund nor the Fund Manager shall be liable for any taxes, zakat or any other sums imposed or may be imposed by any relevant body in connection with the Fund.

- **Risks of Government and Municipality Approvals:**

The Fund may not succeed in achieving its investment objectives if the necessary approvals or licenses for any of the Real Estate Assets are refused or renewed, which may negatively affect the Fund's investments and the Unit price. Financial fines and other legal penalties may be imposed in accordance with what is imposed under the relevant laws and regulations, and negatively affecting the Fund's investments and the Unit price.

- **Risks of Saudization Risks:**

Competent and relevant authorities in the KSA, in implementation of the Saudization policies, may require the employment of a high percentage of citizens in several sectors, including the real estate sector, the hotel sector, and hospitality and tourist accommodation. It is not clear at this stage to what extent the Fund and its investments will be required to adhere to such policies, but Saudization may require an increase in employment or additional training, which leads to additional costs and higher operational costs, which will be deducted from the Fund's net income. Consequently, the net profits of the Fund and its investments will decrease, which will negatively affect the profits of Unitholders.

- **Risks of counterparty Litigation:**

The Fund is exposed to the possibility of entering into procedures, disputes and lawsuits with third parties due to the nature of its activities. In such case, the Fund shall bear legal fees in relation to meeting the claims of third parties, in addition to the amounts of settlements or judgments, which would reduce the Fund's assets and the cash available for distribution to Unitholders. The Fund Manager and others are entitled to obtain compensation from the Fund in relation to these judicial disputes, according to certain restrictions based on the nature of any of the procedures, disputes or lawsuits, which negatively affects the profits of Unitholders.

- **Risks of Liability and Indemnification Limitation:**

These Terms and Conditions define the circumstances in which the Fund Manager, its shareholders (Owners of Fund Manager), its directors, officers, employees, advisors and affiliates are liable to the Fund and Unitholders. As a result, the right of Unitholders to have recourse against the Fund Manager and take action against it in certain cases is limited compared to cases where such conditions are not stipulated. The Fund may also be obligated to indemnify the Fund Manager, its directors, officers, employees, agents, subsidiaries and the Fund's Directors for some claims, losses, damages and expenses arising from their actions on behalf of the Fund, whenever they occur. These indemnification obligations could materially affect the returns of Unitholders.

- **Risks of Forward-Looking Statements:**

These Terms and Conditions may contain forward-looking statements regarding future events or the future performance of the Fund. In some cases, future statements may be defined by terms such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “plans,” “projects,” “shall,” “will,” the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, investors should specifically consider various factors, including the risks outlined in Article (10) of these Terms and Conditions. These factors may cause actual events or results to differ materially from any forward-looking statement. The Fund Manager is under no duty to update any of the forward-looking statements after the date of these Terms and Conditions to conform such statements to actual results or to changes in expectations.

- **Caution Regarding Investment in the Fund:**

Investment in the Fund does not mean a guarantee of profit or no loss. In general, the investment of Unitholders in the Fund is not considered a deposit with a commercial bank. In addition, the nature of the investment of Unitholders in the Fund is by Subscription, that is, achieving profits or bearing losses will be according to the percentage of each Unitholder’s Subscription in the Fund (proportionately). Accordingly, the Fund Manager does not provide any guarantees for the Fund to achieve its investment objectives, and there will be no guarantees that the Unitholders will recover the value of their original investment upon selling their units or upon termination of the Fund.

The performance of Real Estate Assets and other real estate investment funds in the KSA is neither an indicator of the success of the Fund nor a guarantee of it. In fact, the returns achieved by Real Estate Assets and other real estate investment funds in the KSA can vary greatly, as each Real Estate Asset is affected by special factors. These include, but are not limited to demographics, timing, environmental factors, design and contractors. Also, there is no guarantee, confirmation or statement on the part of the Fund Manager that the Real Estate Assets of the Fund will achieve the same or similar results as those achieved by Real Estate Assets or similar real estate investment funds implemented in the KSA, as the success of similar projects or funds is not an indication of any future returns.

Unitholders shall be fully responsible for any financial loss that may result from investing in the Fund, except in cases where the loss is the result of gross negligence or wilful default of the Fund Manager.

The Fund Manager may act as a manager for other funds that have the same objectives as the Fund. Hence, it may result that the Fund Manager may have, in the course of his work, conflicts of responsibility or interests between the Fund and other funds. In this case, the Fund Manager will endeavour to resolve this conflict of interest on a fair and equitable basis for all related funds. The Fund Manager will disclose any potential conflict of interest to the Fund’s Board and obtain their approval, and it will be announced on the Fund Manager’s website and the Market’s website or any other publicly available website according to the controls set by the Authority and in the Fund reports prepared by the Fund Manager.

7. Subscription

A. Timetable of Subscription Dates:

The Fund Manager intends to offer a number of 51,140,100 Units of the Fund to potential investors at an initial offer price of SAR 10 per Unit and a total amount of SAR 511,401,000, which is the amount required to be raised during the Initial Offering Period of the Fund, through:

1. Offering 41,140,100 Units to the Public, equivalent to SAR 411,401,000
2. Offering 50,862,000 Units for Owners (sellers) of Real Estate Assets, equivalent to SAR 508,620,000
3. Subscription of the Fund Manager to 10,000,000 Units, equivalent to SAR 100,000,000

It shall also be noted that none of the Unitholders who own (5%) or more of the Units - through In-kind Subscriptions - may dispose of the Units that were subscribed to during the first year of starting the trading of the Fund's Units.

The Fund's Units will be offered on 30/10/2022G. The Offering Period continues until 07/11/2022G (which amounts to (7) Business Days) and can be extended for a similar period after notifying the Authority. In the event that the target offering size to be collected from the Public of SAR 511,401,000 is not covered before the end of the Offering Period, the Fund Manager shall have the right to borrow an additional amount for the fund up to the target fund size of SAR 511,401,000. With the commitment of the Fund Manager in all cases to the restrictions imposed on the percentage of borrowing, provided that the financing shall not exceed (50%) of the total value of the Fund's Assets, according to the last audited financial statements in accordance with the borrowing powers of the Fund and the Fund Manager's policy to exercise those powers in accordance with what is contained in these Terms and Conditions.

B. A Detailed Statement of Real Estate Assets In-kind-Subscription Owners Profiles:

The following is a table showing the information of the Real Estate Assets In-kind-Subscription Owners, in addition to the percentage of all Subscribers in the Fund:

Subscribers	Real Estate Asset	No. of Units	Value of Units (SAR)	Subscriber's Ownership Percentage of the Fund	Subscription Method
Public	N/A	41,140,100	411,401,000	40.33%	Cash
Fund Manager's Subscription	N/A	10,000,000	100,000,000	9.80%	Cash
Seera Hospitality Company (*) (**)	Comfort Inn and Suites Hotel – Jeddah Comfort Inn Hotel - Olaya – Riyadh Clarion Hotel Jeddah Airport	17,262,000	172,620,000	16.92%	In-kind
Ashaad Company (*) (**)	Vittori Palace Hotel - Riyadh	33,600,000	336,000,000.00	32.94%	In-kind
Total		102,002,100	1,020,021,000	100%	

(*) Kindly refer to Annex No. (2) of these Terms and Conditions for the owners of this company.

(**) Notice: There is a one-year ban period for owners of In-kind Units who own 5% or more of the Fund's Units, according to the Real Estate Investment Funds Regulations.

C. A Detailed Statement on the Fund Manager's Subscription Value in the Fund during the Offering Period:

The Fund Manager will subscribe in cash in the Fund during the Offering Period in accordance with the following (subject to the liquidity requirements imposed under the listing rules):

No. of Units	Value of Units (SAR)	Subscriber's Ownership Percentage of the Fund	Subscription Method
10,000,000	100,000,000	9.8%	Cash

The Fund Manager shall also have the right to subscribe in any offering of additional units within the process of increasing the total value of the Fund's Assets when it is decided to do so in accordance with the statutory requirements in this regard.

D. The Law of Real Estate Ownership and Investment by Non-Saudis:

The Fund Manager shall at all times comply with the rules and regulations governing the ownership of real estate in the KSA of Saudi Arabia, including the Law of Real Estate Ownership and Investment by Non-Saudis.

E. A Detailed Statement of the Minimum and Maximum Subscription:

Minimum Subscription	50 Units at least, at a subscription price of SAR 10 per Unit, with a total subscription amount of not less than SAR 500, and this shall not apply to the in-kind subscription.
Maximum Subscription	30,000,000 Units as a maximum with subscription price of SAR 10 per Unit and the total subscription amount is SAR 300,000,000, and this shall not apply to the in-kind subscription or the subscription of the Fund Manager.

How to Subscribe in the Fund

An application for Subscription in the Fund shall be submitted during the Initial Offering Period through the Fund Manager or the Receiving Entities according to the following:

1. Individuals:

This includes natural persons who hold Saudi nationality and citizens of the GCC, without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, in addition to foreigners residing in the KSA.

- Requisite Documents for Individuals:

- Valid national ID card.
- Availability of an active investment portfolio with a Capital Market Institution.
- Availability of a bank account (IBAN) in the name of the prospective subscriber provided the subscriber transfer the subscription amount from that account and receive the oversubscription to it after the allocation.
- Submission of all subscription documents (a signed copy of the Terms and Conditions, a complete subscription form filled in and signed, a copy of the bank transfer, and a copy of the ID card signed by the investor).

2. Entities (Legal Persons):

It includes institutions, companies, investment funds, government bodies and other legal entities based in the KSA and Gulf investors with legal personality, in addition to qualified foreign investors under the rules governing the investment of qualified foreign financial institutions in securities issued by the Authority.

- **Requisite Documents for Companies**

- Copy of the commercial registration certificate.
- Copy of the memorandum of association and articles of association (if any).
- The decision of the board of directors or the decision of the partners regarding the approval of opening the investment account and granting the powers delegated to them to operate the investment account.
- List of the persons authorized to operate the investment account.
- List of directors and senior managers.

- **Requisite Documents for Investment Funds**

- Copy of the commercial registration of the fund manager.
- Copy of the memorandum of association and the articles of association of the fund manager.
- Copy of the fund manager's license to engage in the business activity.
- Copy of the fund's terms and conditions.
- Copy of CMA's approval of the offering of the fund.
- Copy of the authorized signatory's ID card and decision of the approval of opening the investment account and granting the powers delegated to them.

- **Requisite Documents for Investment Portfolios**

- Copy of the ID card of the portfolio holder.
- Copy of the commercial registration of the portfolio manager.
- Copy of the portfolio manager's memorandum of association and articles of association.
- Copy of the portfolio manager's license to engage in the business activity.
- Copy of the investment portfolio management agreement.
- Copy of the ID card of the authorized signatory.

F. Mechanism for Subscription to the Fund

1. Step One: Obtaining the Terms and Conditions

Those investors wishing to subscribe shall obtain a copy of the Terms and Conditions through the website of the Fund Manager, the website of the CMA, or the Market's website, or by visiting the Fund Manager's Head Office or through the Receiving Entities.

2. Step Two: Filling in the Subscription Form

The subscriber shall fill in the full subscription form by visiting the Fund Manager's website, or manually filling out the subscription form by visiting the Fund Manager's Head Office or through the Receiving Entities.

3. Step Three - Approval of the Terms and Conditions

If the subscription is through the electronic channels of the Fund Manager, the Terms and Conditions shall be electronically approved, as it shall be considered an acknowledgment of reading, understanding and agreeing to what is stated therein.

If the subscription is through the Fund Manager's Head Office, the Terms and Conditions shall be manually signed and submitted with the Fund Manager's subscription form.

If the subscription is through the Receiving Entities, the Terms and Conditions shall be signed manually and submitted with the subscription form to the Receiving Entity or electronically as indicated below (Subscription to the Fund through the Receiving Entities).

4. Step Four – Transferring the Subscription Amount

A temporary IBAN bank account number for each subscriber will be sent by the Fund Manager, whether he subscribes electronically or through the Fund Manager's Head Office or through the Receiving Entities. The Offering Period is a maximum at (5) pm local time in the KSA.

5. Step Five - Confirming the Receipt of Subscription Application

The Fund Manager shall send a confirmation of the Subscription Application in the Fund to the subscriber via a text message to their mobile number or via e-mail.

6. Step Six - Accepting the Subscription Application

The subscription application shall be reviewed within three (3) Business Days from the date of confirming receipt of the subscription application. In the event that the subscription application is not completed in full or there are any notes, the subscriber will be notified through a text message or e-mail to complete the application within one Business Day of the subscriber's notice. In the event that the application is complete, the subscriber will be notified of the acceptance of the subscription application. The Fund Manager shall be entitled to accept or reject the subscription application. In the event that the subscription amount of a subscriber is rejected, the subscription amount will be refunded to the subscriber's investment portfolio within ten (10) Business Days from the date of the end of the Offering Period.

7. Step Seven - Allocation Notice

After the end date of the Offering Period and acceptance of subscriptions, Units will be allocated to subscribers in accordance with the allocation mechanism specified in these Terms and Conditions. The CMA will be notified and the results of the final offering and unit allocation will be announced through the Fund Manager's website, within ten (10) Business Days from the end of the Offering Period.

8. Step Eight - Return of Surplus and Listing

After the final allocation is announced, the surplus will be refunded to the subscribers without any deduction, after deducting the value of the units allocated to the subscription, provided that the allocated units are included in the subscribers' investment portfolios at a Capital Market Institution, within ten (10) Business Days from the end of the Offering Period.

9. Subscription to the Fund through the Receiving Entities

The investor may subscribe provided that he has a bank account with one of the Receiving Entities and an active investment portfolio with a Capital Market Institution licensed by the Authority. The investor will subscribe through the electronic channels of the Receiving Entities after approving to the Terms and Conditions, or through the branches of the Receiving Entities after submitting a signed copy of the Terms and Conditions.

- Having a current account in the name of the main subscriber with the Receiving Entities (in the absence of an account, a current account shall be opened with the Receiving Entities).
- Having an investment portfolio in the name of the main subscriber in any Capital Market Institution licensed by the Authority.
- Reading and approving to the Fund's Terms and Conditions through the Receiving Entity's website.
- Submitting a subscription application to the Fund (as of the beginning of the subscription period), through the website of the Receiving Entities through the subscription page in the "Alinma Hospitality REIT Fund" and filling out the subscription form in the Fund during the Offering Period.

- In the event that the subscription is through the branches, it is required to attach the national ID of the individuals or the family record if the subscription includes dependents.
- In the event that the subscription is through the website, it is not required to attach the national ID of individuals or the family record if the subscription includes dependents.
- The client will not be able to modify the data contained in the subscription form after filling it out, but he can cancel the subscription by communicating with the Receiving Entity before the end of the Offering Period at a maximum at (5) pm.

G. Mechanism for Subscription to the Fund by Dependents and Minors:

Subscriptions for dependents and minors are accepted in the Fund according to the following:

1. Subscription to the Fund by Dependents:

It is sufficient to fill in one subscription form for each main subscriber who subscribes for himself and his family members who are registered in the family record, if the family members will subscribe in the same number of units that the main subscriber applies for, and this entails the following:

- All units allocated to the main subscriber and dependent investors shall be registered in the name of the main subscriber.
- Surplus (if any) for the unallocated units shall be returned to the main subscriber and the dependent subscribers.
- The main subscriber shall get all the profits of the units distributed on the units allocated to the main subscriber and to the dependent subscribers (in case the units are not sold or their ownership transferred).

2. Subscription to the Fund by Minors:

The following documents shall be attached:

- Copy of the national ID card for Saudis or GCC nationals or copy of a valid residence ID card for residents in respect of minors aged 15 Hijri years to 18 Hegira years, or the family record in respect of minors aged less than 15 Hijri years.
- Copy of the guardian's national ID card for Saudis or GCC nationals or copy of a valid residence ID card for the resident's guardian.
- If the guardian is not the minor's father, the custodianship deed shall be attached.
- Separate bank transfer shall be made for each minor individual from the same bank account of the minor's guardian, in the event the minor does not have a bank account or portfolio.

Details of certain subscription cases of minor individuals:

- Subscription for individuals younger than 18 Hijri years is permitted through the guardian or the custodian.
- The minor younger than 18 Hijri years shall provide a copy of the national ID card or the residence permit, along with the ID of the guardian or the custodian.
- If the client is a Saudi citizen who is younger than 15 Hijri years, the family record containing the minor's registration, as well as the national ID card of the guardian or the custodian, shall be attached.
- If the client is younger than 18 Hijri years and under custodianship, a copy of the custodianship deed issued by the court of jurisdiction along with the custodian's ID card, shall be attached.
- A minor who lacks legal competence may subscribe through the guardian or custodian, provided that the minor has an investment portfolio with a Capital Market Institution.

The divorced or widowed Saudi woman who is the mother of minor children from a non-Saudi husband, may subscribe under the names of her children, provided that she submits evidence that she is divorced or widowed and proof that she is the mother of minor children.

H. Unit Allocation Mechanism

The Fund Manager shall notify within three (3) Business Days from the date of confirming receipt of the subscription application that the subscription application has been accepted or rejected. If the subscription is accepted, confirmations will be sent to the subscribers that include the subscription amounts. In the event that a subscriber's subscription amount is rejected, the subscription amount and related subscription fees will be refunded to the subscriber's investment portfolio within ten (10) Business Days from the end of the Offering Period. The Fund Manager will submit a statement of the Offering results to the Authority within ten (10) Business Days from the end of the Offering Period, and the Units will be allocated after the Offering Period ends.

Subject to the in-kind subscription as stated in these Terms and Conditions, and subject to the completion of the registration and listing requirements as set out below, Units shall be allocated after the end of the Offering Period according to the following:

1. In the event that the total subscription amounts advanced by all subscribers (including the in-kind subscription, the Fund Manager's subscription, and the subscriptions of its employees) and the targeted financing amount is less than the amount required to be collected, which amounts to SAR 1,020,021,000 after the end of the Offering Period and the extended Offering Period, the Fund shall be terminated and all subscription amounts shall be refunded to the subscribers within ten (10) Business Days from the date of cancelling the Offering without any deduction.
2. If the total subscription amounts for which all subscribers (including the in-kind subscription, the Fund Manager's subscription, and the subscriptions of its employees) are equal to the amount to be collected, which amounts to SAR 1,020,021,000, then the total Offering Units shall be allocated as follows:
 - The priority of subscription in the Fund shall be for the Owners of the Target Real Estate Assets during the Initial Offering Period, in kind, knowing that their subscription in the Fund is (49.86%) of the Fund's total Units.
 - Upon completion of the allocation to the Target Real Estate Assets, the Fund Manager's subscription which is equivalent to (10,000,000) Units in the amount of SAR 100,000,000, which constitutes (9.8%) of the total Units and the subscriptions of its employees, Units shall be allocated to all subscribers, according to the following mechanism:
 - Companies: 60% of the Units offered in the subscription shall be allocated to companies, institutions, commercial entities and the like. The allocation of Units to companies shall be based on several factors, including the amount of subscription, the type of company, the total amounts of money subscribed, and the percentage of individuals' subscription.
 - Individuals: A maximum of 40% of the Units offered in the subscription shall be allocated to individual subscribers, and the Units shall be allocated as a percentage of the subscribed amount, with a minimum number of Units to be distributed to all subscribers.
 - In the event that the percentage of individuals is not covered, the percentage shall be added to the allocation of companies.

3. If the total subscription amounts for which all subscribers (including the in-kind subscription, the Fund Manager's subscription, and the subscriptions of its employees) exceed the amount required to be collected, the total Offering Units shall be allocated as follows:
 - The priority of subscription in the Fund shall be for the Owners of the Target Real Estate Assets during the Offering Period, in-kind, knowing that their subscription in the Fund is (49.86%) of the Fund's total Units.
4. Upon completion of the allocation of the Target Real Estate Assets, the subscription of the Fund Manager, Alinma Group, its employees, and the other subscriptions shall be dealt with and the remaining value of the Offering will be allocated based on the aforementioned allocation mechanism.
5. Cancellation and Refund:

The Offering may be cancelled, and the Subscription Amounts may be refunded to subscribers in the following cases (unless the Authority decides otherwise):

- In the event of inability to collect the amount required, which amounts to SAR 1,020,021,000 (including the cash subscription amounts and the financing amount);
- If the number of Unitholders from the Public is less than (200);
- Less than (30%) of the Units were subscribed by the Public;
- In the event of inability to transfer the ownership of the Target Real Estate Assets in favour of the Fund within (60) days from the end of the Offering Period; or
- In the event of cancelling the Initial Offering, all subscription amounts received for the subscriber's investment account shall be refunded within ten (10) Business Days from the date of cancellation without deduction.

6. Important Notes:

- The client shall ensure the validity of the recorded data and the documents submitted to Alinma Investment Company or the Receiving Entities of subscription applications shall not bear what may result from any error in the client's documents or information provided by him.
- Any amount transferred from an account other than the account registered with the Receiving Entity when subscribing to the Fund shall be rejected, and the bank account shall be in the name of the client.
- The Fund subscribers waive the right of pre-emption, and accordingly any real estate asset owned by the Fund will be sold according to the Fund investment strategy and in accordance with what is explained in these Terms and Conditions.

I. Mechanism of Increasing Fund Total Assets Value by Accepting In-kind and/or Cash Contributions (if any):

If it is decided to increase the of the Fund Total Assets Value by accepting in-kind and/or cash contributions, the mechanism of this increase shall be in accordance with the laws and regulations approved by the CMA at the time.

For example, the timetable listed below shows the expected periods of time from the start of offering units until the start of trading units:

Procedures	Expected Dates and Terms
Offering Period	The Fund Units will be offered on 30/10/2022G, and the Offering Period will continue until 07/11/2022G, amounting to (7) Business Days.
Offering Period Extension	Extension for a period similar to the Initial Offering Period of (7) Business Days
Subscription Application Confirmation of Receipt	The Receiving Entity of subscription applications will send a confirmation of application receipt to the client via e-mail and/or by an SMS to the mobile number registered with it within two days.
Acceptance/Rejection of the Subscriber's Entire Subscription	Within two Business Days as of the date of confirmation of receipt of the subscription application
Announcement of Allocation of Units to Investors and Refund of Surplus Amounts	Ten (10) Business Days as of the end of the Offering Period.
Surplus Refund in the Events of not collecting the Sums Offered or if the Subscription is rejected	Ten (10) Business Days as of the end of the Offering Period
Ownership Transfer of the Target Real Estate Assets in favour of the Fund and Listing the Units in the Market	Sixty (60) days as of the end of the Offering Period
Start of trading the Fund Units in the Saudi Stock Exchange (Tadawul)	During the fourth quarter of 2022

8. Trading of Fund Units:

A. Trading of Units Mechanism:

The Fund Units will be registered in the depository center and traded through the orders entry system specified by Tadawul. Upon listing, the Fund Units shall be traded the same way the investment funds real estate units are traded in the Market. Accordingly, the Unitholders and investors can trade during normal trading hours directly through the Market or through the capital market institutions licensed by the Authority.

The procedures for delivering orders to sell or buy Units shall be in accordance with the Market rules and the procedures followed for trading securities. The trading of the Fund Units shall be subject to the trading prices and commissions approved by the Market laws and rules. The Unitholder's purchase of any of the Fund Units through the Market shall be an acknowledgment that it has read, accepted, and approved these Terms and Conditions.

B. Cases of Fund Suspension and/or Delisting:

The Authority may suspend the trading of the Fund Units or cancel its listing at any time as it deems appropriate, and in any of the following cases:

1. If it deems it necessary to protect investors or to maintain an organized market;
2. If the Fund Manager or the Custodian fails in a way that the Authority deems material to comply with the Law and its Implementing Regulations;
3. If the Fund Manager does not make any payments due to the Authority or the Market or any fines due to the Authority on time;
4. If it considers that the Fund, its business, the level of its operations, or its assets are no longer suitable for the continued listing of its Units in the Market;
5. If it considers that the Custodian or the Market maker (where applicable) has materially failed, as the Authority deems it, to comply with the Law, its Implementing Regulations and the Market rules;
6. When the Fund is terminated;
7. If the liquidity requirements, specified in the listing rules, are not met;

8. The Fund Manager may request the Authority, in writing, to temporarily suspend the trading of the Fund Units or cancel their listing, provided that the request shall include the specific reasons for the request for suspension or cancellation. The Authority may accept or reject the application, or accept it under conditions and restrictions it deems appropriate.

9. Dividend Distribution Policy:

In line with the financing agreements that may be concluded by the Fund, the Fund Manager intends to distribute dividends at least twice a year, at not less than 90% of the Fund Net Profit. The distributions shall be carried out in January and July of every calendar year, except for the capital profits attained through selling any of the Fund assets that will be reinvested in Constructed Developed Real Estate and can generate recurring and rental income with the aim of boosting the Fund Assets.

10. Fund Termination and Liquidation:

A. Cases that lead to Fund Termination:

1. The Fund Manager shall complete the phases of selling the Fund Assets and distributing the dues to the Unitholders before the end of the Fund Term;
2. The Fund Manager may extend the Fund Term in order to complete the asset sale phase or for any other circumstances;
3. The Fund Manager shall prepare a plan and procedures for terminating the Fund in the interest of the Unitholders. The Fund Manager shall obtain the approval of the Fund Board on this plan before taking any action in this regard;
4. The Fund Manager shall notify the Authority and the Unitholders by announcing, on the Fund Manager's website and the Market website, the details of the Fund termination plan and procedures in no less than (21) days prior to the date on which the Fund is to be terminated, without prejudice to the Fund Terms and Conditions;
5. The Fund Manager shall abide by the Fund termination plan and procedures approved by the Fund Board;
6. The Fund Manager shall notify the Authority and the Unitholders by announcing, on the Fund Manager's website and the Market website, that the Fund expires within (10) days of the end of the Fund Term;
7. The Fund Manager shall terminate the Fund immediately if these Terms and Conditions stipulate a specific event that requires the Fund to be terminated immediately upon the occurrence of that event. The Fund Manager shall then notify the Authority and Unitholders by announcing that, on the Fund Manager's website and the Market website, within (5) days from the occurrence of the event that requires the termination of the Fund; and/or
8. In the event that the Fund Term expires and the Fund Manager has not completed the sale of the Fund Assets within its term, the Fund Manager shall liquidate the assets and distribute the entitlements of Unitholders to them within a period not exceeding (6) months from the Fund expiry date.

B. Fund Liquidation Procedures:

1. For the purpose of liquidating the Fund, the Fund Manager shall obtain the approval of the Fund Board on the plan and procedures for liquidating the Fund before taking any action in this regard.
2. The Fund Manager shall abide by the Fund liquidation plan and procedures approved in accordance with paragraph (9).
3. The Fund Manager shall notify the Authority and the Unitholders, by announcing on the Fund Manager's website and the Market website, of the end of the Fund liquidation within (10) days from the end of the Fund liquidation.
4. The Fund Manager shall treat all Unitholders equally during the process of terminating and liquidating the Fund.
5. The Fund Manager shall distribute the entitlements of the Unitholders to them immediately upon the expiry of the Fund Term or the liquidation thereof without delay and in a manner that does not conflict with the interest of the Unitholders and the Terms and Conditions of the Fund.
6. The Fund Manager shall announce on its website, the Market website, or any other website available to the Public, as per the controls set by the Authority, about the expiry of the Fund Term or its liquidation.
7. The Fund Manager shall provide the Unitholders with a report on the termination of the Fund in accordance with the requirements of Annex (13) of the Real Estate Investment Funds Regulations and within a period not exceeding seventy (70) days from the date of the Fund termination or liquidation completion, including the final audited financial statements of the Fund for the period following the last audited annual financial statements.
8. The Authority may dismiss the Fund Manager from the liquidation process in the event that a Special Resolution is issued for the Fund by the Fund Unitholders, provided that the replacement liquidator shall be appointed at the same meeting, in which the Unitholders voted to dismiss the Fund Manager.
9. In the event the Fund Manager is dismissed from the liquidation works, the Fund Manager shall cooperate fully in transferring the liquidation responsibilities to the appointed liquidator and transfer to it all documents related to the relevant real estate investment fund that enable it to complete the liquidation works within twenty (20) days from the issuance of the Authority decision to dismiss the Fund Manager and appoint a replacement liquidator.
10. The Fund Manager shall notify the Unitholders by way of an announcement, on the Fund Manager's website and the Market website, in the event that the Authority issues a resolution to dismiss the Fund Manager and appoint a replacement liquidator.
11. The Fund Manager shall notify the Authority and the Unitholders, by announcing on the Fund Manager's website and the Market website, immediately and without any delay of any material events or developments during the liquidation period of the Fund.

11. Fees, Service Charges, Commissions and Management Fees

- A. The fees, service charges, commissions and management fees that will be borne by the Fund Assets have been determined as follows:

Subscription Fees	N/A
Fund Management Fees*	The Fund shall pay the Fund Manager an annual management fee amounting to (9%) of the operations net income, paid semi-annually, and calculated based on the performance of each year separately, provided that the management fee shall not exceed 0.80% of the Fund Total Assets. The Fund Manager shall have the right to waive or deduct any of the dues. If there is a loss in operations net income from, the Fund Manager will not take any management fees for that year.
Dealing Fees	The Fund shall pay a transaction fee equivalent to (0.75%) as a maximum of the value of each sale or purchase of a Real Estate Asset, paid to the Fund Manager, in return for conducting Due Diligence and negotiation. These Fees shall be due immediately after the completion of the transaction, bearing in mind that these fees do not apply to the Fund Initial Portfolio.
Property Manager(s) Fees	The Fund shall bear the Property Management Fees at prevailing and competitive market rates at the time of appointment.
Custody Fees	One hundred thousand Saudi Riyals (SAR 100,000) to be paid to the Custodian annually. Prices may change later, provided that they shall not exceed a maximum of three hundred thousand Saudi Royals (SAR 300,000) to be paid to the Custodian annually. These Fees shall be paid in two semi-annual instalments (only the actual fees will be deducted in accordance with the agreement with the Custodian).
SPV Incorporation Fee	Twenty thousand Saudi Riyals (SAR 20,000) to be paid to the Custodian once, and for each time an additional SPV is established for the Fund.
Administrative Services Fee	One hundred and fifty thousand Saudi Riyals (SAR 150,000) to be paid in two semi-annual payments to the Fund Manager. The Fund Manager shall have the right to waive or deduct any of the dues.
Other Expenses	The Fund shall bear the other expenses and fees which are the expenses due to other parties dealing with the Fund, including, but not limited to insurance fees, advisors' fees, government fees, and the Board Directors' costs that include actual travel and accommodation incurred by each Independent Director as per the actual cost for the sake of attending meetings (the maximum travel and accommodation expenses shall amount to SAR 2,000 for each meeting). The Fund shall bear all fees that may be imposed by the official authorities in the KSA as a result of the Fund performance of its obligations under these Terms and Conditions. The Fund shall also bear all marketing expenses for its products in accordance with the best marketing offers approved by the Fund Board. Such fees shall not be paid to the Fund Manager, shall not be estimated in advance, and shall be deducted based on the actual expenses and disclosure. The Fund does not intend to offer any discount or waive any expenses, provided that these expenses shall not exceed 0.15% of the of the Fund Total Assets Value annually.
Auditor Fees	SAR 55,000 to be paid to the Auditor. Prices may change later, provided that they shall not exceed a maximum of SAR 100,000 to be paid to the Auditor annually. These Fees shall be paid in two semi-annual instalments (only the actual fees will be deducted in accordance with the agreement concluded with the Auditor).
Financing Fees	The Fund shall bear the Financing Fees at the market prevailing and competitive rates at the time of financing, in addition to the fees of financing arrangements approved by the Fund Board, which are due upon the first withdrawal of the financing amounts and approved by the Sharia Supervisory Committee and the Fund Board to cover the costs of the Fund.
Fees of Listing on the Market	Fifty thousand Saudi Riyals (SAR 50,000) to be paid by the Fund to the Market once upon listing the Fund Units in the Market.
Listing Continuation Fee	(0.03%) of the market value of the Fund (a maximum of SAR 300,000 and a minimum of SAR 50,000) to be paid by the Fund in favor of the Market annually.
Annual Supervision Fees by the Authority	The Fund shall pay the Authority Supervision Fees by the in the amount of SAR 7,500 annually.
Unitholders' Records Upload Fees	SAR 50,000 to be paid by the Fund in favor of the Depository Center, in addition to SAR 2 for each Subscription Application (with a maximum of SAR 500,000), to be paid once before listing and trading the Units.
Fees of Annual Publication on the Market Website	SAR 5,000 to be paid annually by the Fund in favor of the Market.

Shareholders' Records Management (Unitholders)	SAR 300,000 (in case the paid-up capital of the Fund is up to SAR 500,000,000), or SAR 400,000 (in case the paid-up capital of the Fund ranges from SAR 500,000,000 to SAR 2,000,000,000) to be paid by the Fund in favor of the Depository Center annually.
Valuers Fees	The Fund shall appoint two or more independent Valuers to conduct valuations of the Fund Assets twice annually, so that the fees for all Valuers shall be SAR 300,000 per year as a maximum and shall be paid semi-annually (only the actual fees shall be deducted according to the agreement concluded with the Valuers).
Remunerations of Independent Board Directors	Independent Directors shall be granted remunerations of SAR 10,000 for each Independent Director per meeting, and a maximum of SAR 20,000 for each Independent Director annually, to be paid twice annually after each meeting of the Board of Directors.
Sharia Supervisory Committee	The Sharia Supervisory Committee shall be entitled to a fee of SAR 50,000, to be paid twice annually.
Brokerage Fees	A maximum of 2.5% of the purchase or sale price of any real estate asset by the Fund. They shall be paid once for each purchase/acquisition of a real estate asset, and shall be paid to a third party such as a marketer or broker and is mentioned in the purchase/sale contract or an independent brokerage contract.
Real Estate Assets Insurance	The Fund shall bear insurance fees at the market prevailing and competitive rates at the time of appointment.
Development Fees (currently not available)	They shall be calculated on the contract value (if any), charged to the Fund Assets, and calculated based on the value of the signed contracts.
Zakat	The Fund manager is committed to the regulations for collecting zakat from investors in investment funds, and in order to achieve this, the fund will be registered with the Zakat, Tax and customs Authority "ZATCA" for the purposes of zakat, and a declaration of information will be submitted according to what is stated in the regulations for collecting zakat from investors. Noting that the burden of calculating and paying zakat falls on the taxpayers who are unit holders in the fund, The Fund Manager also undertakes to provide ZATCA with all reports and requirements regarding zakat declarations. The Fund Manager will also provide unit holders with zakat declarations upon request in accordance with the regulations, and the assigned investors subject to the provisions of these regulations who own investment units in the Fund are required to calculate and pay the zakat on these investments. ZATCA regulations can also be Reach at https://zatca.gov.sa/ar/Pages/default.aspx
VAT	All fees and charges mentioned in these Terms and Conditions and/or any related documents shall not include VAT unless otherwise stated. In the event that VAT is or may be imposed on any service provided to the Fund, the Fund shall 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 value-added invoice of the relevant service. In the event that a VAT is or may be imposed on any service provided by the Fund, the beneficiary of the service shall pay to the Fund (in addition to any other fees or expenses) a sum equal to the value of this tax.
RETT	The Fund shall bear the RETT imposed at a rate determined by the KSA for Real Estate Assets that are purchased and acquired, as applied in accordance with the relevant regulations and laws.

* It should also be noted that the Fund Management Fees from the Fund Total Assets are for the purpose of clarification and to set a maximum for the Fund Management Fees, not for the purpose of determining the basis of calculation, which is set above at 9% of the Net Operations Income. Also, the Net Operations Income does not include the proceeds from the sale of property, and it only includes the Operations Income from the Fund activity represented in the proceeds of property rental and operation.

The Fund Manager shall take all necessary steps for the benefit of the Unitholders, to the best of its knowledge and belief, with Due Diligence.

Neither the Fund Manager, nor any of its directors, officials, employees, agents; and advisors, affiliates and Related Parties, Custodian, Property Managers, members of the Shariah Supervisory Committee, and the Fund Board shall bear any responsibility towards the Fund or towards any investor, in connection with any loss incurred by the Fund due to the action or failure of any of the mentioned parties in relation to their obligations towards the Fund. In this case, it is required for any insured party, who wants to rely on the provisions of this paragraph, to have acted in good faith and in a manner believed to best serve the interests of the Fund. Such acts shall not involve negligence, fraud, or wilful misconduct. The Fund shall be responsible for indemnifying and protecting each Insured Party against all claims, expenses, indemnities, costs, demands and liabilities which any or all of them may incur and which arise in any way from their duties towards the Fund, except when it occurs because of any fraud, negligence or wilful misconduct on the part of the Related Party.

B. Fees, Percentage Charged, Amount Charged, Method of Calculation and Fee Payment Frequency: (*)

Fee Type	Percentage Charged (If any)	Amount Charged (If any)	Method of Calculation	Fee Payment Frequency
Subscription Fees	0%	N/A	From the cash subscription value, and these fees shall not apply to the Fund capital increase	During the offering period or the Fund capital increase
Fund Management Fees	9%	N/A	Annually from the operations net income, provided that the management fees shall not exceed 0.80% of the Total Fund Assets	Calculated and paid semi-annually
Dealing Fees	0.75% (Maximum)	N/A	of the value of each sale or purchase of a real estate asset, and these fees shall not apply to the Initial Portfolio	When closing the sale or purchase process
Property Manager(s) Fees	N/A	N/A	The Fund shall bear the property management fees at the market prevailing and competitive rates	Paid semi-annually
Financing Structuring Fee	N/A	N/A	N/A	N/A
Custody Fees	N/A	SAR 100,000 and prices may change later, provided that it shall not exceed the amount of SAR 300,000 (maximum)	N/A	Paid in two semi-annual instalments
SPV Incorporation Fee	N/A	SAR 20,000	N/A	Payable to the Custodian once, and for each time an additional SPV is established for the Fund
Administrative Services Fee	N/A	SAR 150,000 (maximum).	N/A	Paid in two semi-annual instalments
Other Expenses	These expenses will be disclosed in the financial disclosure summary at the end of the year, if any, provided that these expenses shall not exceed a maximum percentage of (0.15%)			
Auditor Fees	N/A	SAR 55,000 and prices may change later, provided that they shall not exceed the amount of SAR 100,000 (maximum).	N/A	Paid in two semi-annual instalments

Financing Fees	According to the prevailing market prices	N/A	They shall be charged on the Fund Assets and shall be calculated based on the amount of financing	According to the terms of the owned entity
Fees of Listing on the Market	N/A	SAR 50,000 (maximum) and SAR 50,000 (minimum)	N/A	Paid once when the Fund Units are listed on the Market
Listing Continuation Fee	0.03% SAR 300,000 (maximum) and SAR 50,000 (minimum)	N/A	of the Fund market value	Paid annually
Annual Supervision Fees by the Authority	N/A	SAR 7,500	N/A	Paid annually
Unitholder Records Upload Fees	N/A	SAR 50,000 in addition to SAR 2 for each offering application, with a maximum of SAR 500,000	N/A	One-time payment before listing and trading units
Annual Publication on the Market Website Fees	N/A	SAR 5,000	N/A	Paid annually
Shareholder Records Management (Unitholders)	N/A	SAR 300,000 if the paid-in capital of the Fund is up to SAR 500,000,000, and SAR 400,000 in case the paid-up capital of the Fund is more than SAR 500,000,000 and up to SAR 2,000,000,000	N/A	Paid annually
Valuers Fees	N/A	SAR 300,000 (maximum)	N/A	Paid in two semi-annual instalments
Remunerations of Independent Board Directors	N/A	SAR 20,000 (maximum) for each Independent Director	N/A	Paid twice annually after each meeting of the Board of Directors
Sharia Supervisory Committee Fees	N/A	SAR 50,000	N/A	Paid in two semi-annual instalments
Brokerage Fees	2.5% (Maximum)	N/A	of the purchase or sale price of any real estate asset	Paid once for each purchase/ sale of a real estate asset
Real Estate Assets Insurance	N/A	N/A	The Fund shall bear the insurance fees at the market prevailing and competitive rates at the time of appointment	N/A
Development Fees (currently not available)	It shall be calculated on the contract value (if any) and shall be charged to the Fund and is calculated based on the value of the signed contracts			

(*) All amounts mentioned in this item do not include VAT, and are calculated as an additional amount as and when applicable.

C. Unitholder Default Investment Table:

Assuming that a subscriber from the Public has subscribed for SAR 1,000,000 and has obtained the number of 100,000 Units at the Unit Initial Price of SAR 10, and assuming that the Fund achieves the targeted returns.

Fund Size	SAR 1,020,021,000
Default Subscription Amount	SAR 1,000,000
9% per annum of Net Operations Income	SAR 6,697
Custody Fees SAR 100,000	SAR 98
SPV Incorporation Fee	SAR 20
Remunerations of Independent Board Directors of a Maximum of SAR 20,000	SAR 20
Remunerations of Shariah Board SAR 50,000	SAR 49
Listing and Registration Fees at Tadawul	SAR 1,279
Regulatory Fees SAR 7,500	SAR 7
Administrative Services Fees SAR 150,000	SAR 147
Auditor Fees SAR 55,000	SAR 54
Other Fees of a Maximum Percentage of (0.015%)	SAR 1,500
Total Annual Recurring Fees and Expenses	SAR 9,871
Percentage of Total Annual Recurring Fees and Expenses	%1
Percentage of Total Annual Non-recurring Fees and Expenses	% 0.003
Expected Fund income	74,412,835
Percentage of Fund Total Income	% 7.3
Percentage of Net Unit Income	% 6.3

D. Acknowledgment by the Fund Manager regarding Fees:

The Fund Manager acknowledges that the fees mentioned in Article (11) of these Terms and Conditions “Fees, Service Charges, Commissions and Management Fees” represent all fees imposed on the Fund, and that the Fund Manager shall bear any fees not mentioned.

12. Insurance:

Assets Insured	Insurance Details	Extent of Insurance Coverage
Vittori Palace Hotel - Riyadh	A document dated 08/08/2021G to insure all material damages, to the insured properties, resulting from any cause except for the exceptions in the document issued by MEDGULF based on the LM7 document.	300,200,000
Rafal Ascott Hotel - Riyadh	A document dated 23/12/2022G for all risks of material losses or damages, to properties for any reason whatsoever, which are not otherwise excluded in accordance with the defined terms, clauses, annexes, and exclusions including business interruption.	530,038,694
Comfort Inn and Suites Hotel – Jeddah	A document dated 19/05/2021G for all risks of material losses or damages, to properties for any reason whatsoever, which are not otherwise excluded in accordance with the defined terms, conditions, annexes, and exclusions including business interruption.	63,964,601
Comfort Inn Hotel - Olaya - Riyadh	The building is new and the building insurance policy has not been finalized yet.	-
Clarion Hotel Jeddah Airport Jeddah Airport - Jeddah	A document dated 11/11/2022G for all risks of physical loss or damages, to properties for any reason whatsoever, which are not otherwise excluded in accordance with the said terms, clauses, annexes, and exclusions including business interruption.	142,921,909

13. Fund Assets:

A. Fund Assets Registration Mechanism

The Fund Assets shall be registered in the name of the SPV (established by the Custodian for the purpose of preserving and owning the Fund Assets), noting that the data of this SPV shall be as follows:

Name	Type	Purpose
Real Estate Hotel Development Company	A Saudi limited-liability one-person company (100% owned by the Custodian).	The purchase and sale of land and real estate and its division, off-plan sales activities, management and leasing of owned or leased properties, and management and leasing of owned or leased properties.

B. Fund Assets Valuation:

1. Fund Assets Accredited Valuers:

The Fund Manager valued the Real Estate Assets of the Fund through a valuation prepared by two accredited and independent valuers (as a minimum) known for their experience, honesty, and knowledge in the real estate sector in accordance with the requirements imposed pursuant to the Authority regulations, in accordance with the details and information contained in the following table:

First Valuer	Second Valuer	Third Valuer
Abaad – Real Estate Valuation Services	Olaat Valuation Company	Maken Properties

The Fund Manager may terminate the contract with any of the companies, appointed by it, which value the Fund Real Estate Assets, with a written notice, if it reasonably considers that the dismissal of the company is in the interest of the Unitholders, and a replacement will be appointed in accordance with the same fees and expenses due.

2. Fund Asset Valuation Method:

The Fund Manager shall value the Fund Real Estate Assets through a valuation prepared by two (as a minimum) accredited and independent valuers known for their experience, honesty, and knowledge in the real estate sector in accordance with the requirements imposed pursuant to the regulations of the Authority, and by obtaining the average of the two valuations prepared by the two Valuers, at least once every six months, provided that the Valuers' report shall include the following, as a minimum:

- Valuation methodology and the assumptions on which it is based.
- Assets will be valued on the basis of the market value and the income method.
- The variables related to the real estate market will be analysed, such as the supply, demand, and market direction.
- Details and descriptions of the Real Estate Asset.
- Risks related to the Real Estate Asset.

3. Valuation Value for each Real Estate Asset to be invested:

The valuation of assets shall be carried out according to the market value.

4. Valuation Frequency and Date:

The Fund Assets shall be valued twice annually, specifically on December 31 and June 30 of each calendar year.

C. Announcement of NAV per Unit:

The Fund Manager shall announce the NAV of the Fund for each Unit within thirty (30) Business Days of the relevant valuation. The Unitholders shall be notified of the NAV of each unit through periodic reports. This information shall be available on the Market website and the Fund Manager's website.

D. Fund Manager's Opinion on Acquisition Value:

The Fund Manager considers that the value of the acquisition, according to its internal studies and the approved valuations in the two methods of market value and according to contracts, is competitive and appropriate, considering the expected income, positive data, risks and guarantees disclosed in these Terms and Conditions.

E. Acquired Real Estate Asset, Accredited Valuers' Names, Valuation Report Date, Asset Valuation Value, Valuations Rate and Purchase Price of each Real Estate Asset:

Real Estate Asset	First Valuer, Abaad Co. (000)	Second Valuer (Olaat Co.) (000)	Third Valuer (Maken Alqima Co.) (000)	Average valuation by contract value (000)	First Valuer, Abaad Co.	Second Valuer (Olaat Co.)	Third Valuer (Maken Alqima) (000)	Average valuation by market value (valuation approved by real estate Valuers) (000)	Acquisition value (including brokerage and tax) (000)	Difference*	Acquisition Value (Net)**	Valuation Date		
												(000)	Second Valuer (Olaat Co.)	Third Valuer
Vittori Palace Hotel - Riyadh	412,400	N/A	412,600	412,500	453,700	N/A	452,000	452,850	451,500	0.3%	420,000	20/7/2022	N/A	26/7/2022
Ascott Rafal Hotel - Riyadh	234,880	N/A	235,000	234,940	250,500	N/A	275,000	262,750	257,250	2.1%	245,000	20/7/2022	N/A	26/7/2022
Comfort Inn and Suites Hotel - Jeddah	77,990	89,135	N/A	83,517	87,000	87,307	N/A	87,153	85,355	2.1%	79,400	20/7/2022	25/7/2022	N/A
Comfort Inn Hotel - Olaya - Riyadh	59,500	N/A	59,700	59,600	66,000	N/A	67,500	66,750	65,252	4%	60,700	20/7/2022	N/A	26/7/2022
Clarion Hotel Jeddah Airport - Jeddah	144,860	165,700	N/A	155,280	160,600	165,700	N/A	163,150	158,670	2,75%	147,600	20/7/2022	25/7/2022	N/A
Total	-	-	-	945,837	-	-	-	1,032,903	1,018,027	-	952,700	-	-	-

* The difference between the average Valuers by market value and the total acquisition value.

** Real estate was valued in two ways: the first according to the market value (the first method) and the second according to the operating / leasing contracts signed with the tenants / Operators (the second method). Therefore, the valuation of assets according to the first method (1,033 million) is higher than the valuation of assets according to the second method (946 million). The asset acquisition price (953 million net, 1,018 million total) is lower than the asset valuation according to the first method, but higher than the asset valuation according to the second method, which does not take into account the change in income after the expiry of the contracts. Given the objective of establishing the Fund, which is to achieve the largest possible amount of periodic returns, and according to the Fund Manager's studies and valuation, following best practices, taking into account the forces of supply and demand in the Market, the Fund Manager concluded that the acquisition price of the Initial Portfolio Real Estate is competitive because it is an average price between the two valuation methods. The valuation, based on the second method, takes into account a fixed annual net income for the first five years of about (74 million) annually, compared to an average annual net income expected by the appraisers of about (83 million) riyals annually according to the valuation of assets using the first method. The expected annual difference (9 million) between the two values is the expected performance incentive for the Operators/ tenants during the first five years, and this difference, in addition to the guarantees and executive bonds provided by the tenants/ Operators and their owners (which are high solvency entities) provides sufficient cover for any future fluctuations that may occur in the income of the assets.

14. Fund Board:

The Fund shall be supervised by a Board of Directors appointed by the Fund Manager, consisting of six (6) Directors, two (2) of whom are Independent Directors. The number of Independent Directors shall not be less than two Directors, or one-third of the total number of Directors, whichever is greater (the "Minimum Number of Independent Directors.")

A. Statement of Directors Names and Qualifications, and Disclosure of Independent Directors:

1. Mr. Mazen bin Fawaz Baghdadi (Chairman of the Fund Board and Non-independent Director)

He is the CEO and Managing Director of Alinma Investment Company. His practical experience extends to more than 19 years in the financial and investment fields. He held many leadership positions, the last of which was the Head of Investments at Alinma Investment Company. Mr. Mazen Fawaz Baghdadi holds a Bachelor's degree in Finance from King Fahd University of Petroleum and Minerals in 2000 G. Mr. Mazen Baghdadi has extensive and varied experience in the banking and investment field. His expertise includes portfolio management, investment fund management, and stock market analysis in the KSA, the GCC and the American markets.

2. Mr. Sultan bin Tawfiq AlKusayer (Non-independent Director)

He holds a Bachelor's degree in Finance, Real Estate and Economics from Villanova University in the United States, and has more than nine years of experience in the field of investment funds and investment portfolios. He is also currently the Chief of Alternative Investment at Alinma Investment Company. Before joining Alinma Investment Company, Mr. Sultan AlKusayer worked in the management of investment funds in Swicorp, Bloom Investments, and Naeem Investments. He has extensive knowledge in the field of financial structuring and securities legislation.

3. Dr. Ali bin Mohammed Al Ali (Non-independent Director)

He holds a Ph.D. in risk management and is the founder, chairman, and CEO of Ashaad Company. He also holds the position of General Manager of Al Ali Holding Company and a Director of both Al Maskan Real Estate Investment Company and Wasl Instalment Company.

4. Mr. Yazeed Al-Muhaizeh (Non-independent Director)

He has been an advisor to the managing director of Qiddiya Investment Company since 2021. He is also a Director of Seera Holding Company. He held the position of Assistant General Manager and Head of International Markets at Hassana Investment Company, where he worked since 2014. Prior to that, he worked as an investment analyzer in the Portfolio Management Department at the General Organization for Social Insurance (GOSI) in the KSA from 2007 to 2014. He holds a master's degree in management Finance from California State University.

5. Mr. Wahdan Al-Qadi (Independent Director)

He holds a Bachelor's degree in Industrial Management and an Executive MBA from King Fahd University of Petroleum and Minerals. He has more than twenty years of experience in the financial and development sectors and is currently the Executive Director of the Business Sector at the Tourism Development Fund (TDF).

6. Mr. Sami bin Abdullah Al-Zakari (Independent Director)

He is a former banker and consultant in investment and real estate development for several parties. During the past 21 years, he assumed leadership roles, including participating in the establishment of one of the first Islamic banking units in the KSA affiliated with SABB Bank, participating in the establishment of Jadwa Investment Company and managing real estate advisory therein. In addition to his membership in the Board of Directors of Maskan Arabia Company for Development and Real Estate Investment and Tal Development Company. He also has experience in developing real estate investment and real estate development strategies.

B. Total Expected Remuneration to the Directors During the Fund Term:

The Independent Directors shall be granted a financial reward of SAR 10,000 per Independent Director for each meeting, with a maximum of SAR 20,000 per Independent Director annually. This reward shall be paid twice annually after each meeting of the Board of Directors. Non-independent Directors shall not receive any remuneration.

C. Description of the Nature of the Services Provided by the Fund Directors:

The services provided by the Fund Directors shall include the following:

1. Approval of all contracts, decisions and essential reports to which the Fund is involved, including - but not limited to - approving contracts for providing management services for the Fund, and contracts for providing custody services. This shall not include contracts concluded in accordance with investment decisions regarding any investments made or to be made in the future by the Fund.
2. Viewing the report that includes evaluating the performance and quality of services provided by the parties concerned with providing essential services to the Fund in accordance with what is stated in the Real Estate Investment Funds Regulations. This is to ensure that the Fund Manager carries out its responsibilities in the interest of the Unitholders in accordance with the Terms and Conditions of the Fund and what is stated in the Real Estate Investment Funds Regulations.
3. Adopting a written policy regarding voting rights related to the Fund Assets.
4. Supervising and - when appropriate - accepting or approving any conflict of interest disclosed by the Fund Manager.
5. Holding a meeting at least twice annually with the Compliance Committee of the Fund Manager or its Compliance Officer to review the compliance of the Fund with all relevant laws and regulations, including - but not limited to - the requirements stipulated in the Real Estate Investment Funds Regulations.
6. Approval of all changes stipulated in the Real Estate Investment Funds Regulations, prior to the Fund Manager obtaining the approval of the Unitholders and the Authority or notifying them (where applicable).
7. Ensuring the completeness and accuracy of the Terms and Conditions of the Fund and any other document (whether it is a contract or otherwise) that includes disclosures related to the Fund, the Fund Manager and its management of the Fund, in addition to ensuring that the foregoing is in compliance with the provisions of the Real Estate Investment Funds Regulations.
8. Ensuring that the Fund Manager carries out its responsibilities in the interest of the Unitholders in accordance with the provisions of the Real Estate Investment Funds Regulations and the Terms and Conditions of the Fund.
9. Evaluating the Fund Manager's way of handling risks related to the Fund Assets in accordance with the Fund Manager's policies and procedures regarding monitoring risks related to the Fund and how to deal with them.
10. Acting with honesty, good faith, interest, skill, care and diligence in the interest of Unitholders.
11. Recording the minutes of the meetings, which include all the minutes of the meetings and the decisions taken by the Fund Board.
12. Reviewing the report that includes all complaints and the measures taken regarding them referred to in the Real Estate Investment Funds Regulations, in order to ensure that the Fund Manager carries out its responsibilities in the interest of Unitholders in accordance with the provisions of the Real Estate Investment Funds Regulations and the Terms and Conditions of the Fund.

D. Other Investment Funds Supervised by the Directors:

Fund Name	Fund Type	Directors					
		Mr. Mazen bin Fawaz Baghdadi	Mr. Sultan bin Tawfiq Al Qaseer	Dr. Ali bin Mohammed Al Ali	Mr. Yazeed Al-Muhaizeh	Mr. Wahdan Al-Qadi	Mr. Sami bin Abdullah Al-Zakari
Alinma Real Estate Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Dania Makkah Hotel Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Al-Thuraya Real Estate Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Qairouan Logistics Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Dhahiat Sumou Real Estate Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Masharif Al Awali Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Logistic Park Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	Non-independent Director
Alinma Makkah 1st Development Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	Independent Director
Alinma Makkah 2nd Development Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	Independent Director
Alinma Muhammadiyah Real Estate Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Logistic District Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Riyadh View Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Wareef Endowment Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Enayah Endowment Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Allnma Retail REIT	Public Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Bir Ariyadh Endowment Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Orphan Care Endowment Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Al-Qassim Endowment Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Multi-assets Balanced Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Saudi Riyal Liquidity Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Saudi Equity Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma IPO Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Al-Jazirah I Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Sukuk ETF	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Saudi local government - short term	Public Offering	Non-independent Director	.....	.....	.....	.....	.....

Investment Fund in the Hajj and Umrah Sector	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
ALINMA ROAD'S MOSQUES ENDOWMENT FUND	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Dhahiat alriyadh fund	Private Offering	Non-independent Director	.....	.....	.....	.....	Independent Director
Alinma Private Equity Fund 1	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Private Family Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Residential Fund	Private Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Wadi Alhada Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Ajyad Real Estate Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Almadinah Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Alkhober Fund	Private Offering	Non-independent Director	Non-independent Director	.....	.....	.....	.....
Alinma Diversified Saudi Riyal Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....
Alinma Emerging Markets Equity Fund	Public Offering	Non-independent Director	.....	.....	.....	.....	.....

E. Fund Directors Qualification:

1. The Fund Manager acknowledges that all Directors:
are not adjudicated bankrupts or placed under liquidation;
have not committed any acts of fraud, crime against honour or breach of trust; and
have the requisite skills and experience.

F. Fund Manager Acknowledgment Regarding Independent Directors:

The Fund Manager acknowledges that the Independent Directors meet the definition of “Independent Director” contained in the list of terms used in the Authority regulations and rules.

15. Fund Manager:

A. Name and Address of the Fund Manager:

Alinma Investment Company
Al Anoud Tower 2, Floor No. 20, King Fahd Road Olaya
P.O. Box 55560 Riyadh 11544 KSA
Website: www.alinmainvestment.com

B. Fund Manager License:

Alinma Investment Company, a Saudi closed joint stock company, registered under Commercial Registration Certificate No. (1010269764), and licensed by the Authority as a Capital Market Institution under the Capital Market Institutions Regulations, under the CMA license No. (0913437) dated 14/04/2009 G in order to engage in the activity of dealing, custody and management “managing investments and operating funds” and arranging and providing advice in securities business.

C. Fund Manager Letter:

The Fund Manager submitted a letter regarding the professional Due Diligence Report in accordance with the requirements of the Real Estate Investment Funds Regulations, a copy of which is attached in Annex No. (3) of these Terms and Conditions.

D. Fund Manager Services, Duties and Responsibilities:

The Fund Manager shall undertake the tasks of managing and operating the Fund as a financial entity independent of the assets of Alinma Investment Company, in accordance with the relevant laws and regulations and in the interest of Unitholders. The Fund Manager provides the following administrative and other services to the Fund, including - without limitation - the following:

1. Establishing decision-making procedures to be followed to implement the technical and administrative aspects of the Fund projects and businesses.
2. Complying with all applicable laws, regulations, and instructions in the KSA related to the Fund business.
3. Implementing the compliance monitoring program of the Fund, and providing the Authority with the results of the application upon its request.
4. Developing policies and procedures to monitor the risks that affect the investments of the Fund, and ensuring speedy handling of them, provided that these policies and procedures include carrying out a risk assessment process at least annually.
5. Cooperating with all Persons concerned with performing tasks for the Fund, including the Custodian and Auditor, and providing them with all necessary to perform their duties and tasks in accordance with the Real Estate Investment Funds Regulations.
6. Preparing an annual report that includes an evaluation of the performance and quality of services provided by the parties concerned with providing the core services to the Fund - including the Custodian, Developer and Property Manager, as applicable. The Fund Manager shall submit the report referred to in this paragraph to the Fund Board.
7. Managing the Fund Assets in the best interest of the Unitholders in accordance with the Terms and Conditions of the Fund.
8. Ensuring the regularity and integrity of contracts concluded for the benefit of the Fund.
9. Complying with the provisions of the Real Estate Investment Funds Regulations, whether it has performed its responsibilities and duties directly or assigned to a third party under the provisions of the Real Estate Investment Funds Regulations and the Capital Market Institutions Regulations.
10. Complying with what is stated in the Real Estate Investment Funds Regulations when submitting applications for approval or notifications to the Authority.
11. Complying with these Terms and Conditions.
12. Preparing an annual report that includes all complaints and the measures taken regarding them. The Fund Manager shall submit the report referred to in this paragraph to the Fund Board.
13. Committing to what is stated in the instructions for investment fund announcements.
14. Maintaining the books and records of the Fund.
15. Maintaining at all times a record of all issued and canceled Units, and an updated record showing the balance of the existing units of the Fund.

16. Maintaining all books and records as stipulated in the Real Estate Investment Funds Regulations for a period of ten (10) years, unless the Authority specifies otherwise in the event of a lawsuit or claim (including any existing or threatened lawsuit) or any existing investigation procedures related to those books and records for a longer period until the end of that lawsuit, claim or existing investigation procedures.
17. Managing Real Estate Assets and other assets of the Fund to the benefit of the Unitholders in accordance with these Terms and Conditions.
18. Implement the investment strategies described within these Terms and Conditions.
19. Arranging, negotiating, and implementing financing with Shariah Standards and Controls, on behalf and to the benefit of the Fund.
20. Obtaining the approval of the Shariah Supervisory Committee regarding the compliance of these Terms and Conditions and all the Fund contracts, documents and dealings with Sharia Standards and Controls.
21. Appointing an Auditor and other professional service providers to the Fund, including the legal advisor.
22. Supervising the performance of Property Managers.
23. Arranging the sale and/or liquidation of the Fund at the end of the Fund Term.
24. Informing Unitholders of any material facts or developments that may affect the Fund business in accordance with the requirements of the Real Estate Investment Funds Regulations.
25. Consulting with the Fund Directors from time to time to ensure compliance with the regulations of the Saudi CMA and the Terms and Conditions.

E. Fund Manager Dismissal and/or Replacement:

- i. The Authority may dismiss the Fund Manager in relation to the Fund and take any action it deems appropriate to appoint a replacement Fund Manager for the Fund or take any other measure it deems appropriate, in the event of any of the following cases:
 1. The Fund Manager has ceased the activity of managing investments and operating funds without notifying the Authority of that in accordance with the Capital Market Institutions Regulations.
 2. Cancelling, withdrawing or suspending the Fund Manager's license to practice the activity of investment management and operating funds, by the Authority.
 3. The Fund Manager submits a request to the Authority to cancel its license to practice the activity of managing investments and operating funds.
 4. If the Authority considers that the Fund Manager has breached - in a manner that the Authority deems essential - compliance with the Law or its Implementing Regulations.
 5. The death, disability, or resignation of the investment portfolio manager who manages the assets of the Fund, with no other person registered with the Fund Manager capable of managing the assets of the Fund that was managed by the investment portfolio manager.
 6. Issuance of a Special Resolution for the Fund by the Fund Unitholders requesting the Authority to dismiss the Fund Manager.
 7. Any other case that the Authority considers - on reasonable grounds - to be of fundamental importance.
- ii. The Fund Manager shall notify the Authority of any of the cases mentioned in subparagraph (5) of Clause (E)

of this Article within two days from the date of their occurrence.

- iii. Upon dismissal of the Fund Manager in accordance with the cases provided for in subparagraphs (1), (2), (3), (4), (5) and (7) of Clause (E) of this Article, the Authority shall direct the dismissed Fund Manager to call for a meeting of the Unitholders within (15) days from the date of the issuance of the dismissal decision of the Authority in order to appoint a Custodian or another entity through an Ordinary Fund Resolution to search and negotiate with a replacement fund manager, and to determine the specific period for the search and negotiation.
- iv. When a Fund Manager is dismissed in accordance with the situation stipulated in subparagraph (6) of Clause (E) of this Article, it shall issue an Ordinary Fund Resolution at the same meeting in which the Unitholders voted on the request to dismiss the Fund Manager in order to appoint a custodian or another party to search and negotiate with a replacement fund manager, and to determine the specific period of search and negotiation.
- v. When either of the two cases stipulated in Paragraphs (III) (IV) of this Article is realized, the Fund Manager shall notify the Authority of the results of the Unitholders meeting within two days from the date of its holding.
- vi. The Fund Manager shall cooperate and provide the Custodian or the designated authority assigned to search and negotiate any documents required from it for the purpose of appointing a replacement fund manager within (10) days from the date of the request. Both parties shall maintain the confidentiality of the information.
- vii. The Fund Manager shall, upon the approval of the replacement fund manager to manage the Fund and transfer the fund management to it, send the written approval of the replacement fund manager to the Authority upon receipt.
- viii. If the Authority exercises any of its powers in accordance with Paragraph (I) of this Article, the Fund Manager shall cooperate fully in order to assist in facilitating a smooth transfer of responsibilities to the replacement fund manager within the first (60) days from the appointment of the replacement fund manager. The dismissed Fund Manager shall, where necessary and appropriate and at the sole discretion of the Authority, transfer to the replacement fund manager all contracts related to the relevant real estate investment fund.
- ix. Unitholders shall have the right to request liquidation of the Fund through a decision of a Special Fund Resolution if a replacement fund manager is not appointed during the period specified for research and negotiation referred to in paragraphs (III) (IV) of this Article.
- x. If the Authority exercises any of its powers in accordance with what is stated in this paragraph, the Fund Manager shall cooperate fully in order to help facilitate the smooth transfer of responsibilities to the replacement fund manager within the first (60) days of the appointment of the replacement fund manager. The dismissed Fund Manager shall, where necessary and appropriate and at the sole discretion of the Authority, transfer to the replacement fund manager all contracts relating to the Fund.

F. Any business, work, or other important interest of the Fund Directors or the Fund Manager, that may be in conflict with the interests of the Fund:

Until the date of preparing these Terms and Conditions, there is no business activity or other important interest of the Directors or the Fund Manager that may conflict with the interests of the Fund. The Fund Manager, subsidiaries, managers, officers, employees, clients, directors, workers, agents and directors may subscribe to financial investments or other professional business which may sometimes lead to a conflict of interest with the Fund. If the Fund Manager or any of the Fund Board encounters a conflict of interest with the Fund, the Fund Manager shall make an appropriate disclosure as soon as possible and shall endeavour to resolve any conflict of this kind by fair application of the procedures followed by the Fund Manager, including the commitment of the Fund Board to abstain from voting on any issue involving a conflict of interest.

G. Description of Any Material Conflict of Interest on the Part of the Fund Manager Which may Affect the Performance and Implementation of its Obligations Towards the Fund

The Fund may enter into transactions with the Fund Manager, its subsidiaries or companies that were previously affiliated with it, or with other entities in which Alinma Investment Company owns direct or indirect rights. For example, Alinma Investment Company or some of its subsidiaries may provide certain services to the Fund. In particular, the investment banking team at Alinma Investment Company may provide advisory services on arranging financing for the Fund. It will get a fee payable to the Fund when executing any financing transaction. All transactions between the Fund, the Fund Manager, its subsidiaries and entities in which Alinma Investment Company has direct or indirect rights, will be disclosed to the Fund Board.

The Fund Board will supervise the resolution and settlement of any conflict of interest for any of the Fund Directors as any of the Fund Directors may have interests in a wide range of real estate and other commercial activities. Such activities may, from time to time, conflict with the interests of the Fund. The Fund Directors shall have duties towards the investors under the responsibilities mentioned in these Terms and Conditions, and shall make all efforts to resolve all cases of conflict of interest through their good faith judgment.

It is also worth noting some cases of conflict of interest that may occur:

1. Projects Similar to those of Alinma Investment Company:

Alinma Investment Company manages its own accounts in addition to investments and accounts with similar objectives to the Fund and is expected to continue managing them. Among these investments are other collective investment programs that may be managed or sponsored by Alinma Investment Company, in which Alinma Investment Company or one of its subsidiaries may own a share of the capital.

In addition, subject to the restrictions set forth in these Terms and Conditions, Alinma Investment Company and its affiliates may in the future act as the Fund Manager, investment manager or operator in other investment funds. One or more of them may invest in projects similar to those in which the Fund invests.

2. Alinma Bank:

The Fund may obtain financing in accordance with what is stated in these Terms and Conditions, and this financing may be provided through Alinma Bank. Accordingly, it should be noted that Alinma Investment Company (the Fund Manager) is wholly owned by Alinma Bank. Despite this, any transactions between the Fund Manager and Alinma Bank shall take place and will be conducted on an independent and commercial basis after being approved by the Fund Board.

3. Related Parties Transactions:

The Fund may, from time to time, enter into deals with Related Parties, provided that such deals shall be disclosed to the Fund Board and shall be based on the prevailing market conditions. If a Related Party - including any fund established by the Fund Manager - wishes to enter into a transaction with the Fund, the Fund Manager shall obtain the approval of the Fund Board. The purchase price paid or received shall be consistent with independent valuations.

H. Any Fund-related duty or power assigned to a third party by the Fund Manager:

The Fund Manager may appoint, change and re-assign service providers, including, for example: Property Managers, Operators, Advisors, Custodian, Auditors of the Fund and Valuers in accordance with what is stated in these Terms and Conditions, in the interest of Unitholders. Fund Sub-manager shall not be appointed.

The Fund Manager shall be responsible for managing and operating the Fund, and shall be responsible for appointing any party (including its affiliates) to carry out any of its aforementioned responsibilities.

I. Investment in the Fund Units by the Fund Manager:

The Fund Manager may invest in the Fund from time to time, provided that the Fund Manager shall disclose any investment it has in the Fund at the end of each financial year in the financial disclosure summary. The Fund Manager may also subscribe in any offering of additional units within the process of increasing the total value of the Fund assets when it is decided according to the statutory requirements in this regard, bearing in mind that the Fund Manager's subscription in the Fund Units is according to the following:

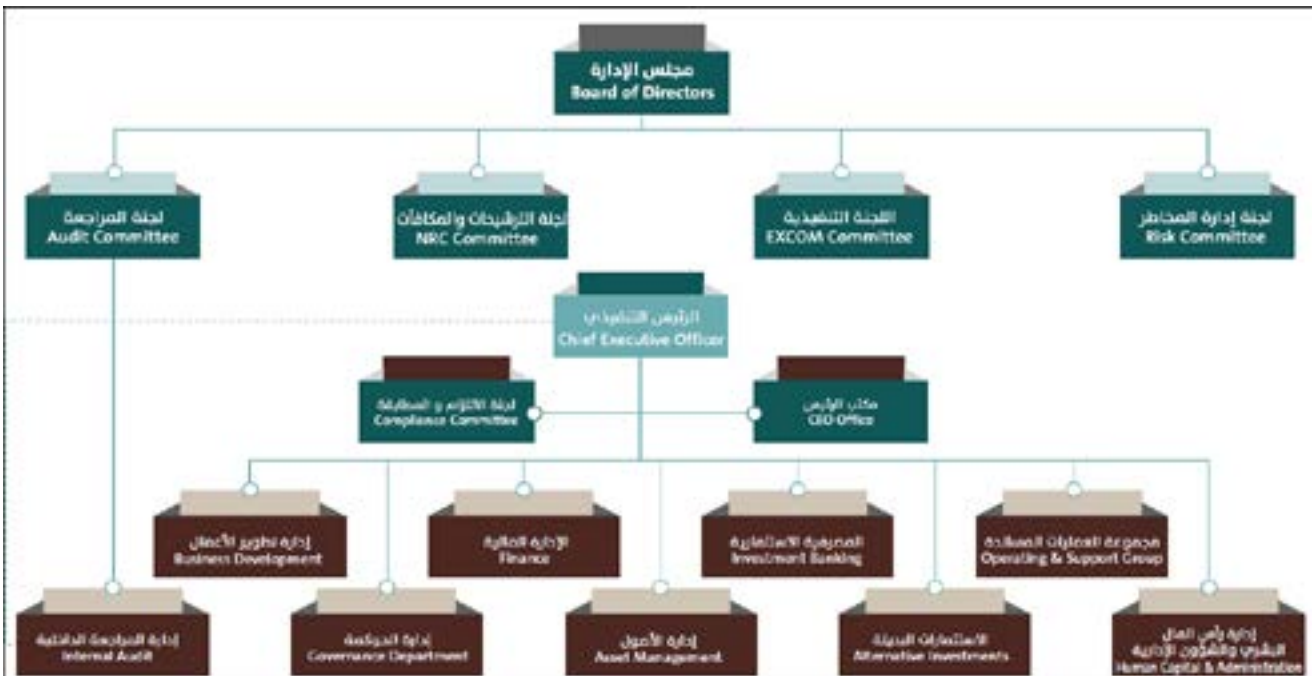
Number of Units	Units value (SAR)	Subscription method
10,000,000	100,000,000	Cash

J. Fund Manager Overview and Asset Management Structure of the Fund Manager:

1. Fund Manager Overview:

Alinma Investment Company (a Saudi closed joint stock company owned by Alinma Bank) under Commercial Registration Certificate No. (1010269764) dated 23/06/1430 H. It was established by Alinma Bank with a capital of (SAR 1,000,000,000) one thousand million Saudi riyals and a paid-in capital of (SAR 500,000,000) five hundred million Saudi riyals in order to be at the forefront of leading companies in providing an integrated system of investment products and services that are compatible with Shariah provisions and controls in accordance with the best of modern technology in the field of communications and advanced technical systems. Alinma Investment obtained a license from the CMA No. (0913473-) to engage in the activity of dealing, custody and management "investment management and fund operation" and arranging and advising in securities business.

2. Asset Management Structure:



Total Value of Assets under Management	SAR 68,152,000,000 approximately.
Number of Public Funds	13 funds.
Size of Public Funds	SAR 18,941,000,000 approximately.
Number of Employees in Asset Management and Alternative Investments	38 employees.

16. Legal Advisor:

The Fund Manager has appointed Khalid Nassar & Partner Lawyers and Legal Consultants to provide legal advice and services to the Fund and Fund Manager regarding the Fund Offering, in addition to providing legal advice to the Fund whenever the Fund Manager deems it necessary. The legal advisor also submitted its letter in accordance with the requirements of the Real Estate Investment Funds Regulations, as explained in Annex No. (4) of these Terms and Conditions.

17. Custodian:

A. Custodian Name, Address and License Number issued by the Authority:

NOMW Capital

Head Office: Home Offices, Building No. 2163, Unit No. 98, Al Ma'athar Al Shamali District - Al Orouba Road, P.O. Box 92350, Riyadh 35611, KSA.

Website: www.nomwcapital.com.sa

It is a (closed Saudi joint stock company) registered in the Commercial Register No. (1010404870), and licensed by the CMA under license No. (37-13172) in order to engage in direct investment activity, asset management, portfolio management, custody services, and arrangement, the Custodian shall work to separate the Fund Assets from its assets and those of its other clients.

B. Custodian Services, Duties and Responsibilities:

1. The Custodian shall be responsible for its obligations in accordance with the provisions of the Real Estate Investment Funds Regulations, whether it performs its responsibilities directly or entrusts them to a third party under the provisions of the Real Estate Investment Funds Regulations and the Capital Market Institutions Regulations. The Custodian shall be responsible before the Fund Manager, Unitholders and the Fund's Board for the Fund's losses resulting from its fraud, negligence, misconduct or wilful default.
2. The Custodian shall register the ownership of the Real Estate Assets subject to the investment of the Fund through the SPV established to preserve and mortgage the assets of the Fund with the financing bank in order to guarantee the financing that will be provided to the Fund (when applicable).
3. The Custodian shall be responsible for preserving and protecting the assets of the Fund for the benefit of the Unitholders, and shall also be responsible for taking all necessary administrative procedures in relation to the custody of the Fund's assets.
4. The Custodian shall be responsible for separating the Fund's assets from its own, from the assets of the Fund Manager and the assets of its other clients.
5. The Custodian shall be responsible for maintaining all necessary records and other documents that support the performance of its contractual obligations.
6. The Custodian shall be responsible for not accepting any interest in the Fund's assets except by Unitholders, within the limits of their ownership.
7. The Custodian shall be responsible for not accepting any claims on the assets of the Fund unless they are permitted under the provisions of the Real Estate Investment Funds Regulations and disclosed in the Terms and Conditions.
8. The Custodian shall be responsible for opening a separate account with a local bank in its name and indicating in the name of the account that it is for the benefit of the Fund.
9. The Custodian shall be responsible for depositing all the proceeds of the Offering, rental income and any cash returns resulting from investing the funds of the Fund in the bank account of the Fund. All amounts used to acquire real estate assets, finance investments and cover the Fund's management and operations expenses in accordance with the Real Estate Investment Funds Regulations, the Terms and Conditions received by the Custodian from the Fund Manager and the contract under which it was appointed to carry out its business, shall also be deducted from that account.

10. The Custodian shall be responsible for keeping all documents related to the Fund, including but not limited to: (title deeds of real estate assets, investment decisions, all essential contracts of the Fund, valuation reports).
11. The Custodian shall be responsible for assigning a Sub-custodian to be located outside KSA to preserve the Fund's investments located in that place - if any. Provided that the Sub-custodian shall be established, licensed, and subject to the supervision of a supervisory authority, in accordance with standards and regulatory requirements at least similar to those applied by the Authority, and assigned under a written contract.

C. Delegation to Third Parties:

The Custodian may assign one or more third parties or any of its affiliates to act as a sub-custodian of the Fund that shall be responsible for preserving its assets. The Custodian shall pay the fees and expenses of any sub-custodian from its own resources.

The Custodian shall remain responsible for its obligations in accordance with the provisions of the implementing regulations issued by the Authority, the Terms and Conditions and his appointment contract, whether it performs its responsibilities and duties directly or assigns them to a third party.

D. Dismissal of the Custodian by CMA:

1. The Authority may dismiss the Custodian appointed by the Fund Manager or take any measure it deems appropriate in the event of any of the following cases:
 - The Custodian stops practicing custody activity without notifying the Authority according to the Capital Market Institutions Regulation;
 - Cancellation, withdrawal or suspension of the Custodian's license to practice custody activity by the Authority;
 - The Custodian submits a request to the Authority to cancel a license to practice Custodian activity;
 - If the Authority considers that the Custodian has breached - in a way that the Authority deems essential - to comply with the Law or the Implementing Regulations;
 - Any other case that the Authority deems - on reasonable grounds - to be of material importance; or
 - One of the powers of CMA is to dismiss and replace the Custodian or to take any action it deems appropriate in the event of any of the cases mentioned in the above-mentioned paragraphs.
2. If the Authority exercises any of its powers in accordance with paragraph (1) above, the concerned Fund Manager shall appoint a replacement custodian in accordance with the Real Estate Investment Funds Regulations. The Fund Manager and the dismissed custodian shall cooperate fully in order to help facilitate the smooth transfer of responsibilities to the replacement custodian within the first sixty (60) days of the appointment of the replacement custodian. The dismissed custodian, where necessary and appropriate at the sole discretion of the Authority, shall transfer to the replacement custodian all contracts related to the Fund.

3. Dismissal of the Custodian by the Fund Manager:

- The Fund Manager may dismiss the Custodian appointed by it by written notice if he reasonably considers that the dismissal of the Custodian shall be in the interest of the Unitholders, and the Fund Manager shall notify the Authority of that immediately and in writing.
- The Fund Manager, if the Custodian is dismissed, shall appoint a replacement for it within thirty (30) days of the Custodian receiving the written notice issued in accordance with the above of this paragraph, and the dismissed custodian shall cooperate fully with the Fund Manager to facilitate the smooth transfer of responsibilities to the replacement custodian. The dismissed custodian shall transfer - where necessary and appropriate - to the replacement custodian all contracts related to the Fund.
- The Fund Manager shall immediately disclose on its website, the Market's website or any other website available to the Public, according to the controls set by the Authority (where applicable), that it has appointed a replacement custodian for the Fund.

18. Property Manager(s):

A. Property Manager(s) Name and Address:

Real Estate Assets	Property Manager(s)	Property Manager(s) Address
Vittori Palace Hotel - Riyadh	Ashaad Company (under a contract for the management and operation of a hotel property - (for more details, kindly refer to paragraph (A) of Article (25) of these Terms and Conditions related to "Other Information")	Riyadh, Kingdom of Saudi Arabia, Al-Masif District, King Abdulaziz Road, P.O. Box No. (92630) Postal Code (11663)
Ascott Rafal Hotel - Riyadh	Al-Maskan Al-Hadari Real Estate Development Company (under a contract for the management and operation of a hotel property - (for more details, kindly refer to paragraph (A) of Article (25) of these Terms and Conditions related to "Other Information")	Riyadh, Saudi Arabia, Olaya Road - P.O. Box No. (69290) Postal Code (11547)
Comfort Inn and Suites Hotel – Jeddah	Seera Hospitality Company (under a contract for the management and operation of a hotel property - (for more details, kindly refer to paragraph (A) of Article (25) of these Terms and Conditions related to "Other Information")	Riyadh, Saudi Arabia, Olaya District Abi Al-Mudhaffar Al-Mubarak Street. P.O. Box No. (52660) Postal Code (11573)
Comfort Inn Hotel - Olaya - Riyadh	Seera Hospitality Company (under a contract for the management and operation of a hotel property - (for more details, kindly refer to paragraph (A) of Article (25) of these Terms and Conditions related to "Other Information")	Riyadh, Saudi Arabia, Olaya District Abi Al-Mudhaffar Al-Mubarak Street. P.O. Box No. (52660) Postal Code (11573)
Clarion Hotel Jeddah Airport - Jeddah	Seera Hospitality Company (under a contract for the management and operation of a hotel property - (for more details, kindly refer to paragraph (A) of Article (25) of these Terms and Conditions related to "Other Information")	Riyadh, Saudi Arabia, Olaya District Abi Al-Mudhaffar Al-Mubarak Street. P.O. Box No. (52660) Postal Code (11573)

B. Property Manager(s) Services, Duties and Responsibilities:

For each of Comfort Inn Hotel - Olaya - Riyadh, Clarion Jeddah Airport - Jeddah, it will be fully leased under a hotel property lease contract according to what is mentioned in the table in paragraph (A) above. The services, duties and responsibilities of each tenant under the hotel property lease contract shall be as follows:

1. Managing, supervising, operating and maintaining the hotel.
2. Determining the hotel room rates and related services.
3. Complying with the relevant laws and regulations in force in KSA and not violating them.
4. Supervising the implementation of all maintenance works.
5. Contracting for any services needed by the hotel.
6. Developing the necessary advertising programs and plans to attract guests to the hotel and organizing marketing campaigns.

For each of Vittori Palace Hotel - Riyadh, Rafal Ascott Hotel - Riyadh, and Comfort Inn and Suites Hotel – Jeddah, it will be fully operated under a hotel property management and operation contract according to what is mentioned in the table in paragraph (A) above. The services, duties and responsibilities of each Operator (Property Manager) shall be according to a hotel property management and operation contract as follows:

1. Operating and supervising the hotel and its maintenance and providing all necessary services and works for and on behalf of the Owner (the Fund).
2. Providing the Owner with an operational summary of the hotel.
3. Depositing the minimum operational performance in the Fund's account in accordance with the Terms and Conditions of the hotel property management and operation contract.
4. Paying utility bills (electricity, water, telephone, municipality, sewage, etc.) related to the hotel.
5. Responding to inquiries and complaints from guests at the hotel and taking the necessary measures to address their complaints.
6. Collecting amounts and rents on behalf of the Owner (the Fund).

Disclosure of whether the Property Manager(s) intends to invest in the Fund Units and the value of these investments:

Subscribers	Number of units	Value of units (SAR)	Subscriber's ownership percentage of the Fund	Subscription method
Seera Hospitality Company	17,262,000	172,620,000	16.92%	In-kind
Ashaad Company (*)	33,600,000	336,000,000	32.94%	In-kind

(*) Disclaimer: The Units of Ashaad Company in the Fund will be mortgaged with a value of SAR 33,004,650 under a mortgage agreement in favor of the Fund in accordance with what is agreed upon under the hotel property management and operation contract in order to ensure the implementation of the duties, obligations, pledges, declarations and guarantees of the Ashaad Company under the hotel property management and operation contract. This mortgage shall be effective from the date of its registration in favor of the Fund and for a period of two years from that date until it is released by the Fund under a prior written approval.

19. Auditor:

A. Auditor Name and Address:

Name: Alluhaid & Alyahya Chartered Accountants ("LYCA")

Address: Grand Tower King Fahd Road, Al-Muhammadiyah District, Riyadh, P.O. Box No. 85453, Riyadh 11691

Website: info@lyca.com.sa

B. Auditor Services, Duties and Responsibilities:

The Auditor shall prepare and review financial statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA), the provisions of the Real Estate Investment Funds Regulations, and the Fund's Terms and Conditions.

20. Financial Statements:

The fiscal year shall start from January 1st to December 31st of each year, with the exception of the first year of the Fund's establishment, in which the fiscal year shall start from the date of transfer of the Real Estate Assets of the Fund and end on December 31st, 2022G.

The Fund Manager shall prepare the Fund's financial statements. These statements shall be reviewed semi-annually, and audited annually in accordance with the accounting standards issued by SOCPA. The financial statements shall be audited by the Fund's Auditor. The Fund's financial statements shall be submitted to the Fund's Board, and made available to Unitholders free of charge, by publishing them on the Fund Manager's website and the Market's website (free of charge) in accordance with the requirements of the Real Estate Investment Funds Regulations.

21. Conflict of interest:

The Fund Manager, its subsidiaries, managers, officers, employees, clients, directors, workers, agents and directors may subscribe to financial investments or other professional business which may sometimes lead to a conflict of interest with the Fund. If the Fund Manager or any of the Fund's Board encounters a conflict of interest with the Fund, the Fund Manager shall make an appropriate disclosure as soon as possible.

The Fund Manager shall endeavor to resolve any conflict of this kind by fair application of the procedures followed by the Fund Manager, including the commitment of the fund Fund's Board to abstain from voting on any issue involving a conflict of interest.

The policies and procedures that will be followed to deal with cases of conflict of interest and any potential and/or actual conflict shall be provided upon request without charge.

Conflicts of Interest Cases:

1. Seera Hospitality Company:

Three assets will be purchased from Seera Hospitality Company (Comfort Inn Olaya - Riyadh, Clarion Jeddah Airport - Comfort Inn & Suites - Jeddah). Part of the purchase price will be In-kind Units in the Fund. The properties (Comfort Inn Olaya - Riyadh, Clarion Jeddah Airport) will be leased back to Seera Hospitality Company with a hotel property lease contract. These contracts represent 22% of the Fund's total targeted returns. Asset of Comfort Inn & Suites - Jeddah will be operated by Seera Hospitality with a hotel property management and operation contract.

2. Ashaad Company:

The asset (Vittori Palace - Riyadh) will be purchased from Ashaad Company. Part of the purchase price will be In-kind Units in the Fund.

The pursuit of the asset of Vittori Palace - Riyadh will be paid in the name of Ali bin Muhammad Al-Ali, who is a Non-independent Director of the Fund representative of the ownership of Ashaad Company.

3. Al-Maskan Al-Hadari Real Estate Development Company:

The asset (Rafal Ascott Hotel) will be purchased by Al-Maskan Al-Hadari Real Estate Development Company. The asset will be operated by Al-Maskan Al-Hadari Real Estate Development Company with a hotel property management and operation contract.

22. Reporting to Unitholders:

The Fund Manager shall submit reports on the its website and the Market's website to the Unitholders and disclose the following information immediately and without any delay:

A. Disclosure of Material Developments:

The Fund Manager shall notify the Authority and disclose to the Unitholders without delay any material developments that fall within the framework of its activities, the knowledge of which is not available to the general public, and may affect the Fund's assets and liabilities, its financial position, the general course of its business, any change that has an impact on the position of the Fund or leads to the voluntary withdrawal of the Fund Manager from the position of the Fund Manager, and that may, to a reasonable degree, lead to a change in the price of the listed unit or have a noticeable impact on the Fund's ability to meet its obligations related to debt instruments.

B. Disclosure of Certain Events:

The Fund Manager shall notify the Authority and disclose to Unitholders without delay any of the following developments (whether or not they are material according to paragraph (A) above relating to “Disclosure of Material Developments” above):

1. Any transaction to buy, sell, lease, mortgage or lease an asset at a price equal to or more than (10%) of the Fund's net assets according to the latest audited interim financial statements or audited annual financial statements, whichever is earlier.
2. Any losses equal to or more than (10%) of the Fund's net assets according to the latest audited interim financial statements or audited annual financial statements, whichever is earlier.
3. Any dispute, including any lawsuit, arbitration or mediation if the amount of the dispute or claim is equal to or more than (5%) of the net assets of the Fund according to the latest audited interim financial statements or audited annual financial statements, whichever is earlier.
4. The increase or decrease in the net assets of the Fund equal to or more than (10%) according to the latest audited interim financial statements or audited annual financial statements, whichever is earlier.
5. The increase or decrease in the total profits of the Fund equal to or more than (10%) according to the last audited annual financial statements.
6. Any transaction between the Fund and a Related Party or any arrangement whereby both the Fund and the Related Party invest in any project or asset or provide financing for it if this transaction or arrangement is equal to or greater than (1%) of the Fund's total income according to the latest audited annual financial statements.
7. Any interruption in any of the Fund's main activities is equal to or greater than (5%) of the Fund's total revenue, according to the latest audited annual financial statements.
8. Issuance of a judgment, decision, announcement, or order from a court or judicial authority, whether at the preliminary or appeal stage, that could adversely affect the Fund's exploitation of any part of its assets whose total value exceeds (5%) of the Fund's net assets according to the latest audited interim financial statements or audited annual financial statements, whichever is earlier.
9. Any proposed change in the total value of the Fund's assets.
10. The Fund Manager shall provide the Fund Unitholders with quarterly reports, within a period not exceeding (10) days from the end of the relevant half or quarter, through its website, the Market website or any other website available to the Public according to the controls set by the Authority (where applicable).
11. The Fund Manager shall make the interim statements available to the Public after reviewing them within a period not exceeding (30) days from the end of the financial statements period. The Fund Manager shall also provide annual reports, including audited annual financial statements, within a period not exceeding (3) months from the end of the reporting period. This shall be done in the places and by the means specified in the Terms and Conditions of the Fund, on the Fund Manager's website and the Market's website “Tadawul” or any other website available to the Public according to the controls set by CMA.

23. Unitholders Meeting:

A. Convening Circumstances:

The Fund Manager may, upon its own initiative, call for a meeting of Unitholders, in accordance with the Fund Manager's responsibilities and duties under the Real Estate Investment Funds Regulations.

The Fund Manager shall call the Unitholders meeting within (10) days of receiving a written request from the Custodian.

The Fund Manager shall call for a meeting of the Unitholders within (10) days of receiving a written request from one or more Unitholders, who jointly or separately own (25%) at least of the value of the Fund's Units.

B. Procedures for the Convening of the Unitholders meetings:

1. The Unitholders meetings shall be convened by announcing this on the Fund Manager's website, the Market's website and any other website available to the Public according to the regulations set by the Authority, at least ten (10) days prior to the meeting and no more than twenty-one (21) days prior to the meeting. The announcement shall specify the date, place and time of the meeting, its agenda and proposed resolutions, and a copy of it shall be sent to the Authority.
2. The Fund Manager shall, when preparing the agenda for the Unitholders meeting, take into consideration the topics that the Unitholders wish to include. Unitholders who own at least (10%) of the value of the Fund's Units shall have the right to add one or more topics to the agenda of the Unitholders meeting, provided that the proposed topic shall not interfere with the responsibilities and duties of the Fund Manager under the provisions of the Real Estate Investment Funds Regulations.
3. The Fund Manager may amend the agenda of the Unitholders meeting during the announcement period referred to in paragraph (1) above, provided that this shall be announced on the Fund Manager's website, the Market's website and any other website available to the Public in accordance with the controls set by the Authority, at least ten (10) days before the meeting and no more than twenty-one (21) days before the meeting.
4. If the Unitholders agree to any of the proposed resolutions at the Unitholders meeting, and this necessitates amending these Terms and Conditions, the Fund Manager shall amend these Terms and Conditions in accordance with the approved resolution.
5. The meeting of Unitholders shall not be valid unless attended by a number of Unitholders who collectively own at least (25%) of the value of the Fund's units.
6. If the quorum specified in paragraph (5) above is not met, the Fund Manager shall call for a second meeting by announcing this on the Fund Manager's website, the Market's website, and any other publicly available website according to the regulations set by the Authority, at least five (5) days prior to the date of the second meeting. The second meeting shall be considered valid regardless of the ownership percentage of the units represented in the meeting.

C. Voting of Unitholders and Voting Rights at Unitholders' Meetings:

1. Each Unitholder may appoint an agent to represent it at the Unitholders' Meeting.
2. Each Unitholder may cast one vote at the Unitholders' Meeting for each Unit it owns at the time of the meeting.
3. A senior Unitholder may not vote at the Unitholders' meeting on the resolution relating to the acquisition of real estate assets owned or beneficial to it.
4. Meetings of Unitholders, participating in their deliberations and voting on their resolutions, may be held by means of modern technology in accordance with the regulations set by the Authority.

24. Rights of the Unitholders:

Unitholders shall have the right to exercise all of their rights under these Terms and Conditions, including:

1. Approval of the proposed Material Change through an Ordinary Fund Resolution in accordance with the provisions of the Real Estate Investment Funds Regulations.
2. Approval of the change in the maturity date or termination of the Fund through a Special Fund Resolution in accordance with the provisions of the Real Estate Investment Funds Regulations.
3. Exercising all rights associated with the Units, including, but not limited to, the right to vote in Unitholders' meetings.
4. The right to attend unit Unitholders' meetings.
5. Obtaining distributions in accordance with these Terms and Conditions.
6. Obtaining periodic reports and updates in accordance with the Real Estate Investment Funds Regulations and these Terms and Conditions.
7. Any other rights established by the relevant regulations and instructions.

25. Other information:

A. Basic Contracts and Documents:

1. **Terms and Conditions:** These Terms and Conditions provide all the information necessary to enable prospective Unitholders to make an informed and sufficiently informed resolution regarding the investment offered to them. These Terms and Conditions also contain the information contained in Annex No. (2) of the Real Estate Investment Funds Regulations.
2. **Contracts for the Purchase of Real Estate Assets:** Purchase contracts have been entered into (with the option of the condition) with each seller of real estate assets for the purpose of acquiring these real estate assets, which are conditioned by a number of conditions, the most important of which are:

Obtaining the Authority's approval to establish the Fund and offering its Units, collecting the required amount for the Fund to operate and launch it, and not having any governmental or judicial order, seizure order or any other order, restrictions or legal or regulatory obstacles that would prevent the completion of the transfer of ownership of Real Estate Assets.
3. **Financing Agreements:** The Fund and/or the SPV may enter into a Shariah-compliant financing agreement with Alinma Bank or any other bank, in accordance herewith.
4. **Hotel Property Management and Operation Contract:** A hotel property management and operation contract was concluded for Real Estate Assets (Vittori Palace - Riyadh, Rafal Ascott Hotel - Riyadh, and Comfort Inn & Suites - Jeddah).
5. **Hotel Property Lease Contract:** A hotel property lease contract has been concluded for Real Estate Assets (Rafal Ascott Hotel - Riyadh, Comfort Inn Olaya - Riyadh, and Clarion Jeddah Airport - Jeddah).
6. **Custodian Agreement:** An agreement has been entered into with the appointed Custodian (NOMW Capital) in accordance with what is described herein, to be the Custodian of the Fund in accordance with the tasks and duties stipulated herein.

7. **Auditor Agreement:** An agreement has been concluded with the appointed Auditor (Alluhaid & Alyahya Chartered Accountants (“LYCA”)) in accordance with what is described herein, to be the Auditor of the Fund in accordance with the tasks and duties stipulated herein.
8. The approval of CMA was obtained to exclude the Alinma Hospitality REIT Fund from the concentration ratio specified in Article 47 paragraph (f), which states (When submitting the offering application, the returns from any tenant shall not exceed (25%) of the Fund's total returns).

B. Anti-money Laundering:

Additional documents or information may be required to comply with the Anti-money Laundering Law and to verify the identity of investors, bearing in mind that this information will be kept confidential. The Fund Manager reserves the right to request the necessary documents or additional information. Failure to provide identification documents to convince the Fund Manager may result in refusal to subscribe to the Fund.

Thus, Unitholders shall acknowledge that the amounts used to subscribe to the Fund are not the result of suspicious or illegal sources. If the Fund Manager finds reason to suspect the legal source of the funds associated with the investor's investment transactions, it must notify the Fund Manager's Money Laundering and Terrorist Financing Reporting Officer, who in turn will review the circumstances of the case to determine justifications for the suspicion. Accordingly, it will be decided whether or not to report to the regulatory authority in KSA concerned with combating money laundering and terrorist financing. It should also be noted that the Fund Manager is not allowed under the Anti-Money Laundering Law to inform, warn or hint at Unitholders of suspicious and reported operations.

C. Confidentiality of the Information:

The Fund's business shall be managed with the utmost confidentiality at all times, and this shall not be interpreted as limiting the Fund's Regulatory Authority (CMA) access to the Fund's records for the purposes of regulatory supervision. The information necessary to open the investor's account, carry out its operations and abide by the applicable regulations to the necessary extent, shall be shared between the Fund Manager and the other parties selected by the Fund Manager. The Unitholder also agrees that this information may be shared with the relevant regulatory authorities.

D. Unitholders Death:

The investor's approval of these Terms and Conditions shall mean its agreement to remain valid in the event of its death or disability until its heirs, estate managers, executors, personal representatives, trustees or successors submit the required documents specified by the Fund Manager in the event the Unitholder is an individual. However, if the investor is a legal person, then these Terms and Conditions shall not expire in the event of any of the above happening to any partner or shareholder. Accordingly, the Fund Manager may suspend any transactions related hereto until the Fund Manager receives an order issued by a competent court or a competent authority or other sufficient data to establish the validity of the aforementioned before allowing them to dispose of those Units.

E. Complaints Procedure:

If the investor has any complaint regarding the Fund, it shall send such complaint to the following address:

Customer Care Department - Alinma Investment Company - Contact number: 8004413333, email: info@alinmainvest.com

The subscriber shall have the right to file its complaint with the Authority - Investors Protection Department. The subscriber shall also be entitled to file its complaint with the Committee for the Resolution of Securities Disputes after the lapse of (90) Business Days from the date of filing the complaint with the Authority, unless the Authority notifies the complainant of the permissibility of filing it with the Committee before the expiry of this period.

F. Information Validity:

Subscribers shall be responsible for providing the Fund Manager with their mailing addresses and contact numbers, including the correct e-mail addresses at all times, and notifying it immediately of any change in addresses. In the event that the subscribers fail to provide the Fund Manager with the correct address or request the Fund Manager not to send mail, including notices related to their investments in the Fund, the subscribers hereby agree to protect the Fund Manager and release it from any liability and waive their rights or claims against the Fund Manager arising directly or indirectly from the failure to provide them with data, notices or any other information relating to the investment or from the inability to respond, verify the accuracy of the information or correct any errors or omissions alleged in any of the statements or notices.

G. Disclaimer:

Any information, records or notices provided by the Fund Manager shall not be intended to provide any advice or any valuation and shall not be considered as a recommendation to any subscriber or investor to invest. The Fund Manager shall not provide any advice to the subscriber regarding the Fund or investing in it. Each investor shall be responsible for making its own independent investigation and valuation of the solvency of the Fund and of investing in it. The Fund Manager also recommends that all potential investors seek advice from a licensed independent financial advisor.

26. Additional Information Requirements for Certain Types of Funds:

N/A.

27. Shariah Supervisory Committee:

A. Members of the Shariah Supervisory Committee Names and Qualifications:

The members of the Shariah Supervisory Committee appointed for the Fund are the members of the Sharia Board approved by Alinma Investment Company (the Fund Manager), and they are:

- **Sheikh Dr. Muhammad bin Ali Al-Qari** - Chairman of the Committee:

Former professor of Islamic economics at King Abdulaziz University in Jeddah, and former director of the Center for Islamic Economics Research, at the same university. He received a Ph.D. in Economics from the University of California, and was awarded the International Prize in Islamic Banking and Financial Services from the Islamic Development Bank for the year 2004. Member of the Shari'a Board of the Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI". He is a member of several Sharia committees in a number of local and international banks and capital institutions.

- **Sheikh Dr. Yousef bin Abdullah Al-Shubaily** - Member:

Professor of Comparative Jurisprudence at the Higher Institute of the Judiciary. He obtained a PhD in Comparative Jurisprudence from the Higher Judicial Institute, member of the Sharia Council of the Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI", and a member of many Sharia committees in a number of local and international banks and capital institutions.

- **Sheikh Yasser bin Abdulaziz Al-Murshidi** - Member:

Secretary-General of the Sharia Committee and General Manager of Sharia Sector at Alinma Bank, and a member of the Sharia Standards Study Committee at the Accounting and Auditing Organization for Islamic Financial Institutions "AAOIFI", and has more than twenty years of experience in the field of Islamic banking.

B. Shariah Supervisory Committee Roles and Responsibilities:

1. The Sharia Supervisory Committee shall be specifically responsible for the following activities:
2. Studying and reviewing the Terms and Conditions of the Fund, the Fund's investment objectives and policies, in addition to any contracts it wishes to deal with, to ensure that the Fund adheres to Shariah Standards and Controls.
3. Presenting the Sharia opinion to the Fund Manager regarding the Fund regarding compliance with the Sharia Standards and Controls.
4. Determining appropriate criteria for selecting operations that are compatible with Sharia Standards and Controls in which the Fund Manager may invest the liquidity available to the Fund as short-term investments in accordance with what is explained herein.
5. Provide appropriate criteria to the Fund Manager regarding disposal deductions, if any.
6. Monitoring investments in the light of specific Shariah Standards and Controls.
7. Expressing a Sharia opinion regarding the Fund's commitment to Shariah provisions for inclusion in the Fund's annual report.

C. Sharia Supervisory Committee Fees:

The Shariah Supervisory Committee shall be entitled to a fee of SAR 50,000, which shall be paid twice annually. The fees may be paid to Alinma Investment Company in the event that it pays the fees of the Shariah Supervisory Committee.

D. Sharia Standards and Controls:

The Fund has been approved by the Shariah Supervisory Committee in accordance with the Shariah Standards and Controls attached in Annex No. (1) herein.

28. Characteristics of Units:

The Units in the Fund shall represent a proportional share in the net assets of the Fund, all of one category, equal in duties and rights, as each unit shall represent an equal common share in the Fund's Assets.

29. Amendments to the Terms and Conditions:

- A. The Fund Manager shall obtain the approval of the Unitholders of the Fund for the proposed Material Change through an Ordinary Fund Resolution.
- B. The Fund Manager shall obtain the approval of the Unitholders in the Fund for the proposed Material Change in the maturity or termination date of the Fund through a Special Fund Resolution in accordance with the provisions of the Real Estate Investment Funds Regulations.
- C. The Fund Manager shall, after obtaining the approval of the Unitholders in accordance with paragraphs (A) and (B) above, obtain the approval of the Authority on the proposed Material Change for the Fund.
- D. The Fund Manager shall obtain the approval of the Fund's Board before making any Material or Immaterial Change.
- E. The Fund Manager shall notify the Unitholders and disclose the details of the Material Changes on its website, the Market website and any other website available to the Public according to the controls set by the Authority (10) days before the Change becomes effective.
- F. Details of the Material Changes shall be stated in the Fund reports prepared by the Fund Manager in accordance with the provisions of the Real Estate Investment Funds Regulations.

- G. The Fund Manager shall notify the Unitholders and disclose the details of any Immaterial Changes on its website, the Market website and any other website available to the Public according to the controls set by the Authority (10) days before the Change becomes effective.
- H. Details of the Immaterial Changes shall be stated in the Fund reports prepared by the Fund Manager in accordance with the provisions of the Real Estate Investment Funds Regulations.

30. Fund Manager's Acknowledgments:

In addition to the acknowledgments contained herein, the Fund Manager shall acknowledge (as on the date of preparing these Terms and Conditions) the following, in accordance with the requirements of Annex No. (10) of the Real Estate Investment Funds Regulations:

- A. The Fund Manager shall acknowledge that the Terms and Conditions of the Alinma Hospitality REIT Fund have been prepared in accordance with the Real Estate Investment Funds Regulations issued by CMA.
- B. The Fund Manager, after making all reasonable investigations, and to the best of its knowledge and belief, shall acknowledge that there are no other facts whose failure to include them in this document would render any statement contained therein misleading. CMA and the Saudi Stock Exchange Company shall not bear any responsibility for the content hereof.
- C. The Fund Manager shall acknowledge that the Real Estate Assets are free of any statutory violations that prevent or may cause the Real Estate Assets not to be utilized or operated as well as the safety of the technically Target Real Estate Assets and that they are free of any major engineering defects that may prevent or may cause non-utilization or operation of Real Estate Assets, or may, in turn, cause costly repairs and major changes.
- D. The Fund Manager shall also acknowledge that there is no direct / indirect conflict of interest other than what is disclosed between any of the following:
 1. Fund Manager.
 2. The Property Manager(s) of the Fund.
 3. The Real Estate Owner(s) of the Fund.
 4. Tenant(s) of Real Estate Assets whose returns constitute (10%) or more of the Fund's annual rental returns.
 5. The Accredited Valuer.
- E. The Fund Manager shall acknowledge that it has taken the necessary care to ensure that there is no direct/ indirect conflict of interest between the sellers of the Real Estate Assets of the Fund and the Accredited Valuers.
- F. The Fund Manager shall acknowledge that all Fund's Directors have not been subject to any bankruptcy, insolvency, bankruptcy or liquidation proceedings, have never committed any fraudulent, dishonorable or fraudulent acts, and they have never committed any fraud or dishonesty violation, and they have the necessary skills and experience that qualifies them to be Fund's Directors.
- G. The Fund Manager shall acknowledge that the Independent Directors meet the definition of "Independent Directors" contained in the list of terms used in the regulations and rules of CMA, and this shall apply to any independent member appointed by the Fund Manager during the Term of the Fund.
- H. The Fund Manager shall acknowledge that there are no business activities or other important interests of the Directors of the Fund Manager "Al-Inma Investment Company" that may conflict with the interests of the Fund.

- I. The Fund Manager shall acknowledge that there are no cases of conflict of interest that would affect the Fund Manager's performance of its duties towards the Fund.
- J. The Fund Manager shall acknowledge that there are no fees other than the fees mentioned in the table of fees and expenses mentioned in Article (15) herein.
- K. The Fund Manager shall acknowledge that the Fund will not be listed until the completion of the transfer of ownership of the Real Estate Assets in favor of the Fund or the transfer of its benefit. In the event of failing to complete this after the completion of the Offering Period described in Article (11) herein, the full subscription amounts shall be refunded to the subscribers.
- L. The Fund Manager shall acknowledge that no Directors may have a direct or indirect interest in the business and contracts made for the Fund's account.
- M. The Fund Manager shall acknowledge that it has disclosed all contracts and agreements related to the Fund and that may affect investors' decisions to subscribe or trade in the Fund herein, and that there are no contracts and agreements other than what is mentioned herein.
- N. The Fund Manager shall acknowledge that Unitholders shall have the right to vote on issues brought to their attention in Unitholders meetings. In addition, the approval of the majority of Unitholders who own more than (50%) or more than (75%) (where applicable) of the total Units whose Holders are present, with respect to making any Material Change to the Fund, shall be obtained. The Material Change shall include:
 1. A Material Change to the objectives, nature or category of the Fund.
 2. A change that may have an adverse and material effect on the Unitholders or on their rights in relation to the Fund.
 3. The change that affects the degree of risk of the Fund.
 4. The voluntary withdrawal of the Fund Manager from its position.
 5. Any change that normally causes the Unitholders to reconsider their subscription to the Fund.
 6. A change that substantially increases the total payments made from the Fund's assets.
 7. A change in the date of maturity or termination of the Fund.
 8. Increasing the total value of the Fund's assets by accepting cash or in-kind contributions or both.
 9. Any other cases decided by the Authority from time to time and reported to the Fund Manager.
- O. The Fund Manager shall acknowledge that it will take all necessary steps for the benefit of the Unitholders, according to its knowledge and belief, with due and reasonable care. The Fund Manager, its managers, officers, employees, agents and advisors, subsidiaries, Custodians, Sharia advisors and the Fund's Board shall exercise reasonable care and effort and act in bona fide, in order to achieve the interests of the Unitholders. However, the Fund may suffer a loss in any way due to any unintended act of any of the mentioned parties in connection with their management of the Fund's affairs. Then these parties shall not be liable for that loss provided that they acted in bona fide - bona fide is proven in the absence of any act, decision or correspondence indicating prior knowledge of the negative consequences of doing so and in a manner that is believed to best serve the interests of the Fund, and provided such action shall not entail a gross negligence, fraud or willful misconduct.
- P. The Fund Manager shall acknowledge that it has explained to the Accredited Valuer that the scope of work on the valuation reports shall be appropriate for the purpose of the Fund Manager's request and usable for the purpose of offering it publicly, and to include the market rental value if it is different from the contractual rental value in the lease contracts of Real Estate Assets.

31. Applicable Law and Dispute Resolution:

These Terms and Conditions shall be governed by and construed in accordance with the laws and regulations in force in KSA.

The Fund and the Fund Manager shall be subject to CMA and its Implementing Regulations and other relevant laws and regulations applicable in KSA. The judicial authority competent to consider any dispute arising from or from investing in real estate investment traded funds shall be the Committee for the Resolution of Securities Disputes.

32. Unitholders Acknowledgment:

I/we have reviewed the Terms and Conditions of the Fund and agreed on the characteristics of the Units I/we have subscribed to.

Name:

Signature: Date:

33. Annex No. (1): Sharia Standards and Controls

The Fund was approved by the Shariah Supervisory Committee in accordance with the following Shariah Standards and Controls:

1. The Fund shall invest its money in buying and operating real estate assets that are permitted by Sharia.
 2. The Fund shall invest the available and unused liquidity in short-term operations in compliance with Shariah Standards and Controls.
 3. When resorting to financing for the operations of the Fund, this financing shall be legitimate and managed in a manner permitted by Sharia.
1. Trading in the Fund's Units shall not be allowed until after the Fund's activity begins.

34. Annex No. (2): Owners of Companies Who Own the Real Estate Assets

Real Estate Asset	Current Owner	Partner/Shareholder Name	Ownership Percentage (%)
1st Real Estate Asset - Comfort Inn and Suites	Seera Hospitality Company	Seera Hospitality Company	95 %
2nd Real Estate Asset - Comfort Inn Hotel - Olaya			
3rd Real Estate Asset - Clarion Hotel Jeddah Airport		Sierra Holidays Travel and Tourism Company	5 %
4th Real Estate Asset - Vittori Palace Hotel	Ashaad Company	Latifa Abdul Rahman Al-Issa	80 %
		Muhammad Muhammad Al-Ali	16 %
		Badr Muhammad Al-Ali	4 %
5th Real Estate Asset - Ascott Rafal Hotel	Al-Maskan Al-Hadari Real Estate Development Company	Rafal Real Estate Development Company	80 %
		Abdul Qader Al Muhaidib & Sons Co	20 %

Annex No. (3): Letter Issued by the Fund Manager

Alinma Investment Company

Date: 20/09/1443H

Corresponding to: 21/04/2022G

M/S Capital Market Authority,

Peace and Allah's mercy and blessings be upon you,

In our capacity as the Fund Manager of the Alinma Hospitality REIT Fund regarding the Offering of a real estate investment traded fund in the name of the Alinma Hospitality REIT Fund and the registration and listing of its Units in the Saudi Stock Exchange (Tadawul). We, Alinma Investment Company confirm, to the best of our knowledge, and after (carrying out the due study) and conducting the necessary investigations on the Fund, that the Fund has fulfilled all the conditions required for the registration and listing of the Fund's Units and has accommodated all other issues required by the Capital Market Authority ("the Authority") until the date of this letter. Alinma Investment Company confirms that, to the best of its knowledge and within its powers as the Fund Manager, it has submitted to the Authority all information and clarifications according to the formula and during the specified time period as requested by the Authority to enable it to verify that Alinma Investment Company (the Fund Manager) and the Fund have complied with the Capital Market Law and the Real Estate Investment Funds Regulations.

In particular, the Fund Manager (Alinma Investment Company) shall confirm the following:

- It has provided all related services required by the Real Estate Investment Funds Regulations, with the required care and expertise.
- It has taken established steps to ensure that the Fund's Directors understand the nature and extent of their responsibilities in accordance with the Capital Market Law and its Implementing Regulations.
- It has reached an established opinion, based on adequate investigations and professional experience, that:
 1. The Fund has fulfilled all the requirements related to the Real Estate Investment Funds Regulations (including the provisions related to the terms and conditions).
 2. All the nominated Fund's Directors meet the qualification requirements contained in CMA regulations and rules, and that the Independent Directors meet the definition of "Independent Directors" contained in the list of terms used in CMA regulations and rules and the Implementing Regulations.
 3. Real Estate Assets are free of any statutory violations that prevent or may cause non-utilization or operation of the buildings. As well as that the Real Estate Assets are technically sound and free from any major engineering defects that may prevent or may cause the buildings not to be utilized or operated, or may, in turn, cause major costly repairs and changes.
 4. The main activities of the potential principal tenants of the Real Estate Assets are sound, and they are able to fulfill their obligations to the Fund.
 5. All known issues of Alinma Investment Company that the Authority shall take into consideration when studying the offering application have been disclosed to the Authority.

/Signature/

Compliance Department Manager
Mazen bin Ali Al-Qahtani

/Signature/

CEO and Managing Director
Mazen Bin Fawaz Baghdadi

Annex No. (4): Letter Issued by the Legal Advisor

Khalid Nassar & Partner Lawyers and Legal Consultants

Date: 11/09/1443H

Corresponding to: 12/04/2022G

M/S Capital Market Authority

Riyadh, Saudi Arabia

Peace and Allah's mercy and blessings be upon you,

In our capacity as a legal advisor to Alinma Investment Company (the “**Fund Manager**”), regarding the Fund Manager's request to offer units of the Alinma Hospitality REIT Fund - a public closed-ended Shariah-compliant real estate investment traded fund (under incorporation) (the “**Fund**”) and its listing on the Saudi Stock Exchange (Tadawul) (the “**Market**”).

We refer to the Terms and Conditions prepared for the Fund to offer (51,140,100) Units with a nominal value of ten (10) Saudi riyals per unit and a total amount of (SAR 511,4010000), which constitutes (50%) of the Fund size, amounting to (SAR 1,020, 021,000). In particular with regard to the request for offering and listing real estate investment traded fund units in the Market submitted to CMA (the Authority), and about the requirements of the Capital Market Law and the Real Estate Investment Funds Regulations. In particular, we have advised the Fund Manager on the requirements to be included in the legal sections of the Terms and Conditions, and about the Assets' fulfillment of all statutory requirements and the soundness of the bonds of those Assets being acquired. In this regard, we have conducted a study and additional investigations that it considers appropriate in these circumstances, and we have also conducted a formal study of the legally necessary professional care in this regard.

In this advisory capacity, we confirm that we are not aware of any material issue that constitutes a breach by the Fund Manager of its obligations under the requirements of the Capital Market Law or the conditions imposed under the Real Estate Investment Funds Regulations regarding the application for offering and listing REIT units, including the requirements related to the content of the Terms and Conditions as on the date of this letter.

Yours sincerely,

Khalid Nassar & Partner Lawyers and Legal Consultants

Lawyer/ Mohammed bin Ahmed Al-Nafia - Partner

/Signature and Seal/

الإِنماء للاستثمار
alinma investment 
شركة مضمونة
مرخصة من هيئة السوق المالية برقم 09134-37