Fund Terms and Conditions

MEFIC REIT FUND



The Capital Market Authority of the Kingdom of Saudi Arabia approved the registration and listing of the Units of MEFIC REIT Fund on 09.07.1439H, corresponding to 26.03.2018G.

Last update on: 05/02/2026 G.

TERMS AND CONDITIONS

MEFIC REIT Fund
(A closed-ended public Shari'a complaint about real estate investment traded fund)

Middle East Financial Investment Company "MEFIC Capital"
Fund Manager
Custodian Name: Albilad Capital
Fund Size: SAR 1,230,000,000
Unit Price: SAR 10
Total Number of Units: 123,000,000 Units
Number of Units Offered to the Public: 87,950,000 Units
Offering Size: SAR 879,500,000
Offered Units percentage to fund size: 71%
Fund Currency: Saudi Arabian Riyal (SAR)
Shari'a Certificate: MEFIC-759-21-04-09-17

Terms and Conditions Date of Issue: 09.07.1439H, corresponding to 26.03.2018G and last update is on 17/08/1447H corresponding to 05/02/2026G

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

This is the amended version of the Terms and Conditions of MEFIC REIT Fund, reflecting the following changes:

1. Article (4): Custody Fees
2. Article (15): Fees, Charges and Commissions – Custody Fees
3.Article (15.2): Fee Calculation Method
4. Appendix (H): Financial Disclosure Summary – Custody Fees
5. according to our letter sent to the Capital Market Authority with reference number (020-MEFIC-2026) dated 05/02/2026G

Majed Ruwaie
Head of Compliance & MLRO

Yasser AlHedaithy
MD & CEO

“MEFIC REIT fund has been certified as a real estate investment traded fund that is Shariah compliant by the Shariah Board appointed for the real estate investment traded fund

“The fund's terms and conditions shall be read in conjunction with the other documents of the real estate investment traded fund”.

The Terms and Conditions of MEFIC REIT were approved by the Board of the CMA on 9.7.1439H, corresponding to 26.3.2018G.

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1. Disclaimer

These Terms and Conditions contain detailed information relating to MEFIC REIT Fund (the "Fund") and the offering of units in the Fund (the "Units"). When submitting an application to subscribe for Units – the investor's purchase of any of the Fund's Units shall be deemed as a declaration on its part that it has read and accepted the Terms and Conditions of the Fund – investors will be treated as applying solely on the basis of the information contained in these Terms and Conditions, copies of which are available on the websites of MEFIC Capital Company (the "Fund Manager"), the Saudi Stock Exchange ("Tadawul") (www.tadawul.com.sa) or the Capital Market Authority (www.CMA.org.sa).

Prospective investors must read the entirety of these Terms and Conditions before purchasing Units in the Fund. An investment in the Fund involves a level of risk as described in Paragraph (D) of these Terms and Conditions, 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 Paragraph (D) of these Terms and Conditions. In the event these Terms and Conditions cannot be understood, the investor shall seek the advice of its own licensed financial advisor.

These Terms and Conditions have been prepared by the Fund Manager, being a Saudi Arabian joint stock company with Commercial Registration No. 1010237038, and an Authorized Person licensed by the Capital Market Authority (the "CMA") under License No. 06029-37, 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) (the "Real Estate Investment Funds Regulations"), and the provisions of the Real Estate Investment Traded Funds Instructions issued by the CMA pursuant to Resolution Number 6-130- 2016 dated 23/01/1438H (corresponding to 24/10/2016G) (the "Real Estate Investment Traded Funds Instructions").

These Terms and Conditions include the information that have been presented, in compliance with the requirements for the registration, listing and admission to listing of the Units on "**Tadawul**", in accordance with the Real Estate Investment Funds Regulations and the Real Estate Investment Traded (REIT) Funds Instructions issued by the Capital Market Authority (the "**CMA**").

The Fund Manager accepts full responsibility for the accuracy and validity of the information contained in these Terms and Conditions, and affirms that, according to the best of its knowledge and belief, after making all possible reasonable enquiries, there are no other facts the exclusion of which from these Terms and Conditions would make any statement contained herein misleading. While the Fund Manager has made all reasonable enquiries as to the accuracy of the information contained in these Terms and Conditions as at the date hereof, a substantial portion of the information contained in these Terms and Conditions which are related to the real estate market and industry, is derived from external sources. Although the Fund Manager has no reason to believe that the real estate market and industry information is materially inaccurate, the Fund Manager has not independently verified such information, and does not provide any assurance as to the accuracy or completeness of this information.

The CMA does not bear any responsibility for the contents of these Terms and Conditions, and does not provide any assurances regarding the validity or completeness of these Terms and

Conditions. Further, the CMA shall not be responsible for any financial loss resulting from the application of any provision contained in these Terms and Conditions or any reliance thereon.

These Terms and Conditions are not to be regarded as a recommendation on the part of the Fund Manager to participate in the Initial Offering. Moreover, the information provided in these Terms and Conditions is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation or personal investment needs of the persons who intend to invest in the offered Units. Prior to making an investment decision, each recipient of a copy of these Terms and Conditions shall be responsible for obtaining an independent professional advice from a CMA-licensed financial advisor in relation to the Initial Offering, and shall rely on its own examination of the appropriateness of both the investment opportunity and the information contained herein with regard to the investor's individual objectives, financial situation and needs, including the merits and risks involved in investing in the Fund. An investment in the Fund may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscription for Units is only made available to the following categories:

Without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, subscription in the Fund is open to any Saudi, GCC citizens, non- Saudi residents or foreigners non-residents in the Kingdom

All recipients of these Terms and Conditions must inform themselves of any legal or regulatory restrictions relevant to this Initial Offering and the sale of the Units, and must observe all such restrictions, including the Law of Real Estate Ownership and Investment by Non-Saudis.

The information contained in these Terms and Conditions as at the date of issue of the same is subject to change. In particular, the value of the Units may be adversely affected by future developments, such as inflation and changes in interest rates and taxation (for example, the value added tax) or any economic, political or other factors, over which the Fund Manager has no control (for further details, please see Paragraph (D) of these Terms and Conditions). Neither these Terms and Conditions, nor any oral or written information in relation to the offered Units, are intended to be, or should be construed as, or relied upon in any way as, a warranty or affirmation of any future earnings, results or events (other than what is stated in this draft concerning the mandatory donation of the differences of distributions, if they drop below than targeted).

Forecasts set forth in these Terms and Conditions have been prepared on the basis of assumptions made based on the Fund Manager's information according to its market experience, as well as on publicly-available market information. Future operating conditions may differ from the assumptions used, and consequently no affirmation, representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements contained in these Terms and Conditions constitute, or may be deemed to constitute, "forward-looking assumptions". Such assumptions can generally be identified by the use of forward-looking words such as "plans", "estimates", "believes", "expects", "anticipates", "may", "will", "should", "expected", or "would be", the negative form thereof, other variations of such terms or comparable terminology. These assumptions reflect the current views of the Fund Manager with respect to any future events, but they are not considered as a guarantee of the

future performance. There are many factors which may cause the actual results, performance or achievements of the Fund to be materially different from any future results, performance, achievements expressed or implied by such future assumptions. Some of these risks and factors that may create such influence are detailed in other sections of these Terms and Conditions (see Paragraph (D) of these Terms and Conditions for more details). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the actual results of the Fund may vary materially from those described in these Terms and Conditions as predicted, estimated or planned.

2. Glossary of Terms used in the terms and conditions

Authorized Persons Regulations	Mean the Authorized Persons Regulations issued by the CMA Board under Resolution No. 3-58-2017 dated 27/12/1438H (corresponding to 17/09/2017G), as amended from time to time.
Business Day	Means any day on which banks are open for business in Saudi Arabia.
CMA or the "Authority"	Means the Saudi Arabian Capital Market Authority.
Fiscal Year	The Fiscal Year starts on 1 January and ends on 31 December of each year, with the exception of the first year following the inception of the Fund, where its Fiscal Year starts on the Listing Date and ends on 31 December 2018G.
Fund	Means the **MEFIC REIT Fund**, which is a closed-ended public Shari'a compliant real estate investment traded fund managed by the Fund Manager, MEFIC Capital.
Fund Term	Means 99 years, starting as from the Listing Date, renewable at the discretion of the Fund Manager, subject to CMA's approval.
Fund Manager	Middle East Financial Investment Company – MEFIC Capital.
Custodian	Albilad Capital Company.
Property Valuer	Any accredited valuation company engaged by the Fund Manager for the valuation of the Fund's Assets.
Property Manager	Any company appointed by the Fund Manager to manage any of the Fund's properties.
Lessee	Any person or company who leases any of the Fund's properties.
Initial Real Estate Assets	Mean the assets described in the Fund's Terms and Conditions, to be acquired by the Fund Manager within 60 calendar days after the Closing Date.
Structurally Developed Properties	Properties which are developed and ready for use, including residential, commercial and other properties.
Investment	Means any real estate asset, whether a freehold or leasehold; or cash or any investment outside the Kingdom of Saudi Arabia; or any publicly offered traded debt instruments licensed by the CMA; or any publicly and privately offered money market funds licensed by the CMA; or any Islamic deposit transactions with local or GCC banks holding a credit rating of not less than (Baa3) by Moody's, or an investment grade by Fitch and S&P of a minimum of BBB only; or any Shari'a compliant

	investment funds listed on Tadawul, and shares of Shari'a compliant real estate companies listed on Tadawul.
Total Asset Value	It is the total value of each asset item in the latest Statement of Financial Position of the Fund, including, without limitation, the cash, Shari'a compliant Murabaha transactions, Shari'a compliant money market transactions, tangible property, and market value of the real estate assets, according to the average valuation conducted by two independent valuers.
Net Asset Value (NAV)	It is the Fund's Total Asset Value less liabilities and obligations, including fees and expenses.
Net Asset Value (NAV) per Unit	It is an indicative value for the Unit, calculated by dividing the NAV by the number of Fund Units.
Offering or Initial Offering	Means the Initial Public Offering of the Units in accordance with these Terms and Conditions, and any time extension that is applied.
Public Unitholder	Means a Unitholder who does not satisfy any of the following: - Any Unitholder holding 5% or more of the Units; and - The Fund Manager and its subsidiaries; - A member of the Fund's Board of Directors.
Real Estate Investment Funds Regulations	Mean the Real Estate Investment Funds Regulations issued by the CMA Board by Resolution Number 1-193-2006 dated 19/06/1427H (corresponding to 15/07/2006G).
Real Estate Investment Traded Funds Instructions	Mean the Instructions Pertaining to the Real Estate Investment Traded Funds which are issued by the CMA Board pursuant to its Resolution Number 6-130-2016 dated 23/01/1438H (corresponding to 24/10/2016G).
Related Party	Means any of the following: - Fund Manager; - Custodian; - Property Manager or Lessee; - Property Valuer; - Auditor; - Members of the Fund Board, or any of the executive directors or employees of the above mentioned parties; - Any Unitholder holding 5% or more of the Fund's Net Asset Value; - Any person who is a subsidiary of, or who controls, any of the aforementioned parties.
Retained Earnings	Means the earnings retained by the Fund after distributing not less than 90% of the Fund's annual net profits, including the investments in money market transactions and funds, but excluding the profits resulting from the sale of the real estate assets which may be reinvested in additional Fund assets.
Shari'a Committee	Means the Shari'a Committee assigned by the Fund Manager to supervise the Fund's activities from Shari'a perspective.
Shari'a Guidelines	Mean the Fund's Shari'a Guidelines approved by Shari'a Committee, upon which the eligibility for Investments is determined by the Fund, as set out in Appendix D of these Terms and Conditions.
Tadawul	Means the Saudi Arabian Stock Exchange.
Unit	Means the Units owned by Unitholders in the Fund, which are a common interest in the ownership of the assets of the Fund.
Unitholder	Means a person holding Units in the Fund.

Indemnified Party	The Fund Manager or any of its managers, officers, employees, agents, and advisors, as well as the subsidiaries, related parties, Custodian, every Property Manager, members of the Shari'a Committee and Fund Board.
Fund's Net Profits	Mean the Fund's total returns, including the rental returns generated from the properties, in addition to the profits from other investments, less the total expenses borne by the Fund Manager.
White Lands	Mean every vacant land allocated for the residential or mixed commercial-residential use within the urban boundary limits.
Fund Board	The Board of Directors of the Fund. Board members are appointed by the Fund Manager to oversee the Fund's activities.
Independent Director	A member of the Board of Directors of the Fund, who is not an employee or director of the Fund Manager, an affiliate of the Fund Manager or the Custodian, and who does not have a material business relation or contractual relation with the Fund Manager, an affiliate of the Fund Manager, or the Custodian.
Value Added Tax (VAT)	The Value Added Tax (VAT) is an indirect tax levied on all goods and services purchased and sold by entities, with certain exceptions. It is considered to be an essential source of income which supports the budgets of states. The Kingdom has committed to apply the Value Added Tax at a rate of 5%, starting 1 January 2018G (14.04.1439H) and it was modified later on to 15%. The Value Added Tax was levied across all the stages of the supply chain, starting with production, through distribution, up to the stage of the final sale of the good or service. The consumer pays the cost of the Value Added Tax on goods and services bought, while enterprises pay the Government the Value Added Tax collected from consumer purchase transactions. Enterprises recover the Value Added Tax they paid to their suppliers.
Pledge	A contract under which the debtor (the Lessee) puts a movable asset (Units in the Fund) in the possession of its creditor (the Fund), as security to guarantee satisfying a business obligation (the Lease Agreement).

3. Fund Manager

Fund Manager	
MEFIC Capital MEFIC Tower – 7th Floor King Fahad Road Riyadh 13524 Kingdom of Saudi Arabia Website: www.MEFIC.com.sa	
Custodian	
Albilad Capital Smart Tower – First Floor Tahliya Street intersection with King Fahad Road P.O. Box 140 Riyadh, Kingdom of Saudi Arabia Website: www.albilad-capital.com	
Administrator	
MEFIC Capital MEFIC Tower – 7th Floor King Fahad Road Riyadh 13524 Kingdom of Saudi Arabia Website: www.MEFIC.com.sa	
Auditor	
Ibrahim Ahmed Al-Bassam (PKF) Prince Muhammed bin Abdulaziz. P.O. Box 69658 Riyadh 11557 – Kingdom of Saudi Arabia Website: http://www.pkfalbassam.com/	
Legal Advisor	
Naif bin Mohamed Alsalem Law Boutique Riyadh, King Abdulaziz Road – Office 11 – Oqail Building Tel: +966 50 777 7779 Website: www.lawboutique.info	

Property Managers	
Property Manager of Dhiyapha building, Commercial Mall in Riyadh, commercial building "Plaza1" in Riyadh, Almaqsd Real Estate Dev. Co. Riyadh – Qirawan District Website: www.almaqsd.co **Property Manager of a commercial building in Jeddah Sustainable Property** Jeddah – Prince Sultan Road Website: www.sproperty.sa	
Property Valuers	
Taqdeer Company for Real Estate Valuation Olaya Road Riyadh Kingdom of Saudi Arabia P.O. Box 6973 Riyadh 13251 Website: www.taqdeersa.com **Amaken International Group** Sheikh Abdulrahman bin Saadi Street, Rayan District, Riyadh – Kingdom of Saudi Arabia Tel: 0114910345 Fax: 0114450703 www.goamaken.com **City Properties Real Estate** 2101, Durra Tower Sharja, UAE Tel: +971 6 511 4000 Website: www.propertiesre.com **ValuStrat** 702, Palace Towers Dubai Silicon Oasis – Dubai – UAE Tel: +971 4 326 2233 Website: http://www.valustrat.com	

Shari'a Advisor	
Shariyah Review Bureau Kingdom of Bahrain Building 872, Offices 41 and 42 Road 3618, Seef 436 Website: shariyah.com	
Feasibility Study	
ValuStrat King Faisal Foundation Building, 6th Floor – Al-Faisaliah Complex – Riyadh – Kingdom of Saudi Arabia Tel: +966 011 2935127 Website: http://www.valustrat.com	
Lead Manager	
Albilad Capital Smart Tower – First Floor Tahliya Street intersection with King Fahad Road P.O. Box 140 Riyadh, Kingdom of Saudi Arabia Website: www.albilad-capital.com	
Receiving Banks	
Al Rajhi Bank P.O. Box 28, Riyadh 11004 Tel: +966 11 289 9999 Riyadh, Kingdom of Saudi Arabia Website: www.alrajhi.com.sa Email: contactcenter@alrajhi.com.sa	
National Commercial Bank King Abdulaziz Road P.O. Box 3555, Jeddah 21481 Tel: +966 12 649 3333 Kingdom of Saudi Arabia Website: www.alahli.com Email: contactus@alahli.com	
Riyad Bank King Abdulaziz Road P.O. Box 22622, Jeddah 11614 Tel: +966 11 401 3030 Kingdom of Saudi Arabia Website: www.riyadbank.com Email: contactus@riyadbank.com	

Banque Saudi Fransi Al Maathar Road P.O. Box 06006, Jeddah 11004 Tel: +966 11 289 9999 Riyadh, Kingdom of Saudi Arabia Website: www.alfransi.com.sa Email: communications.alfransi.com.sa	
Aljazira Capital Riyadh – King Fahad Road P.O. Box 20438, Riyadh 11455 Tel: +966 11 225 6000 Kingdom of Saudi Arabia Website: www.aljaziracapital.com.sa Email: contactus@aljaziracapital.com.sa	
MEFIC Capital MEFIC Tower – 7th Floor King Fahad Road Riyadh 13524 Kingdom of Saudi Arabia Website: www.MEFIC.com.sa	

4. Summary OF The Offer

Name of the REIT Fund	The name of the Fund is MEFIC REIT Fund. It is a closed-ended public Shari'a compliant real estate investment traded fund established under applicable Saudi laws and regulations and subject to the Regulations and Instructions of the Capital Market Authority.
Fund Manager	MEFIC Capital, a joint stock company registered in the Commercial Registration of the Kingdom of Saudi Arabia under No. 1010237038, and an Authorized Person under License No. (06029-37).
Custodian	Albilad Capital Co.
Auditor	Ibrahim Ahmed Al-Bassam (PKF)
Investment Objectives	The main investment objective of the Fund is to generate periodic income yield to investors by investing in income-generating real estate assets in the Kingdom of Saudi Arabia and the GCC.
Initial Offering Period	20 Business Days, starting as from 18 Rajab 1439H, corresponding to 4 April 2018G, and ending on 29 Shaaban 1439H, corresponding to 15 May 2018G.
Fund Size	The Fund Size is SAR 1,230,000,000, divided into 123,000,000 Units.
Cash and In-Kind Portions of the Offering According to the Offering Main Plan	SAR 1,230 million. In-Kind Subscription: SAR 350.5 million, equivalent to 35.05 million Units (28.5%). Cash Subscription: SAR 879.5 million, equivalent to 87.95 million Units (71.5%).
Minimum Cash Amount to be Raised by the Initial Offering	Cash Subscription: SAR 400 million, equivalent to 40.00 million Units (32.5%). In this case, the balance amount (SAR 479.5 million) will be raised through: ▪ Increasing the in-kind share to 50% of the Fund's total capital to become SAR 615 million, ▪ Obtaining a loan of SAR 215 million. In this case, the Fund's capital will be SAR 1,015 million. It is noted that an agreement was made with a bank to arrange the loan if and when needed. If a sum ranging between SAR 400 million to SAR 879.5 million is raised, the in-kind percentage will be changed commensurate with what is raised.
Unit Price	SAR 10.
Minimum Initial Subscription Amount	50 Units, or SAR 500.
Maximum Initial Subscription Amount	6,149,950 Units, or SAR 61,499,500.
Fund's Expected Net Return	The Fund's Target Net Return during the first year after its offering is 7.50%.

Mandatory Donation of the Differences of Distributions If they Drop Below than Targeted	Refer to Appendix (B) at the end of the draft.
Conditions for the Mandatory Donation of the Differences of Distributions If they Drop Below than Targeted	Refer to Appendix (B) at the end of the draft.
Lock-up Period on In-Kind Contributions	In respect of the assets to be acquired by MEFIC REIT Fund without leasing them to their previous owners under one lease agreement; there shall be a **one-year** lock-up period on the sale of the in-kind contributions of those investors. As for the assets to be acquired by MEFIC REIT Fund and then leased to their previous owners under one lease agreement; there shall be a **two-year** lock-up period on the sale of the in-kind contributions of those investors.
Qualified Investors	Without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, subscription in the Fund is open to any Saudi, GCC citizens, non- Saudi residents or foreigners non-residents in the Kingdom
Fund Currency	Saudi Riyal (SAR).
Fund Term	The Term of the Fund is 99 years, starting from the Listing Date, renewable by the Fund Manager for a similar term following obtaining the approval of the CMA.
Risk Level	For further information, please refer to Paragraph (D) of these Terms and Conditions.
Dividend Distribution Policy	The Fund Manager aims to distribute to investors - twice a year at the end of Q1 and Q3 of each Gregorian year- annual cash dividends of not less than 90% of the Fund's annual net profits, excluding any profits resulting from the sale of the underlying real estate assets, which may be reinvested in additional assets or in the maintenance and renovation of the existing Fund assets.
Financing	The Fund Manager may, on behalf of the Fund, obtain a Shari'a compliant financing. The percentage of such financing shall not exceed 50% of the Fund's Total Asset Value according to the latest audited financial statements.
Finance Structuring Fees	The Fund shall pay the Fund Manager Finance Structuring Fees equal to 1% of the amount drawn pursuant to any bank facilities obtained in favor of the Fund.
Shari'a Compliance	The Fund's transactions are subject to the Shari'a Guidelines.

Valuation and its Frequency	A valuation of the Fund's real estate assets shall be performed at least once every six months, by two independent valuers licensed by the Saudi Authority for Accredited Valuers (TAQEEM).
Subscription Fees	Subscription Fees of 2% of the Subscription Amount, payable once in advance. Such Fees will not be calculated until after allocation. They are deducted and paid to the Fund Manager.
Management Fees	The Fund shall pay the Fund Manager Management Fees equal to 0.35% of the Fund's Net Asset Value.
Performance Fees	The Fund Manager shall receive Performance Fees of 5% of the value of the positive difference between the sale price of any Fund-owned property and the price of its acquisition. In the event the Fund Manager decides to distribute the proceeds of sale of any Fund asset, the Performance Fees shall be calculated and deducted as a provision before distributing the sale proceeds. In the event the funds are reinvested in the Fund, the Fund Manager shall not be paid any Performance Fees, and there will be no Performance Fees if an asset is sold at a price equal to or lower than its acquisition price.
Custody Fees	Custody fees shall be calculated annually based on the Fund's net asset value (NAV), subject to a minimum of SAR 12,500 per month. The applicable rate ranges from a minimum of 0.025% to a maximum of 0.050%, in accordance with the custody fee calculation schedule set out in Article 15.2.
Administrator Fees	The Administrator shall provide this service free of annual fees. The Administrator shall be responsible for preparing the subscription applications and the KYC-related documents, updating the Unitholders' Register, and preparing notices to Unitholders. The Administrator shall also be responsible for calculating the Fund's NAV per Unit.
Transaction Fees	The Fund shall pay the Fund Manager Transaction Fees equal to 1% of the purchase price or sale price of each real estate asset acquired or sold by the Fund, with the Fund Manager, in return, carrying out the required enquiries, negotiating on the sale and purchase terms and completing the transaction. These Fees shall become payable after completion of the purchase or sale process of each real estate asset, and shall apply to the Fund's initial real estate assets. Transaction Fees amount to SAR 11.99 million.
Brokerage Fees	Brokerage Fees amount to SAR 16.16 million, payable to Brokers only once after completion of the transactions. Brokerage Fees are fees received by the Broker, who mediates between the seller and the buyer, in return for helping them reach an agreement.

Difference Between Transaction Fees and Brokerage Fees	**Definition:** - Transaction Fees: Fees received by the Fund Manager in return for carrying out the required enquiries, negotiating on the sale and purchase terms and completing the acquisition transactions. - Brokerage Fees: Fees received by the Broker, who mediates between the seller and the buyer, in return for helping them reach an agreement. **Percentage:** - Transaction Fees: 1% of the purchase price or sale price. - Brokerage Fees: It is customary that they amount to around 2.5% of the value of the acquired asset. **Payee:** - Transaction Fees: The Fund Manager. - Brokerage Fees: The real estate Brokers.
Auditor Fees	The Fund shall pay the Auditor annual Fees of SAR 55,000.
Tadawul Registration Fees	- SAR 50,000 plus SAR 2 per Unitholder, up to a maximum of SAR 500,000, payable to Tadawul in return for setting up the Unitholders' Register; - SAR 400,000, payable to Tadawul in return for managing the Unitholders' Register. The value of these Fees varies from time to time depending on the value of the Fund's capital.
Tadawul Listing Fees	The Fund intends to pay the following Tadawul Listing Fees: - SAR 50,000, payable to Tadawul as Initial Listing Fees. - Fees of 0.03% of the market value of the Real Estate Investment Fund, subject to a minimum of SAR 50,000 and a maximum of SAR 300,000.
Property Management Fees	Plaza 1: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Dhiyapha: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Souq Sharq: A collection commission of 7% of the cash collected, in addition to administrative expenses of SAR 35,000 per month. The owner bears all operating expenses. Andalus Building in Jeddah: Collection commission: 9% of the cash collection, and the owner bears all the operating expense
Shari'a Committee Fees	The Shari'a Committee Fees amount to SAR 12,500 annually, payable semi-annually.

Transaction Costs	The Fund shall pay the Fund Manager all the Transaction Costs, such as the real estate asset acquisition costs, including the cost related to the acquisition of any asset and relevant feasibility studies, costs of legal advisory, costs for preparing due diligence, advisory, legal and valuation costs, and fees and expenses incurred for the formation of the special purpose vehicle (SPV). Transaction Costs shall not exceed 0.5% of the Fund's NAV annually. Only actual expenses will be deducted and disclosed in accordance with the latest reviewed pro forma financial statements or audited annual financial statements, whichever is more recent.
Other Fund Expenses	The Fund shall be liable for all the expenses attributable to its activities, investments and divestments. The Fund shall also be liable for all the other expenses related to the services provided by third parties, such as the legal, advisory, administrative, accounting, asset valuation, and custody expenses, as well as the regulatory authorities' and the CMA's government costs, relevant insurance costs and other professional services expenses, in addition to the expenses of income purifications, if any. Such expenses are expected not to exceed 0.50% of the Fund's Net Asset Value per annum.

Voting Rights	The Unitholder is entitled to vote at the Unitholders' meetings. In addition, Unitholders' approval must be obtained in order to approve every "Fundamental Change" to the Fund. Any of the following events shall be considered a "Fundamental Change": – Every material change to the Objectives or nature of the Fund; – Every change that may have an adverse and material effect on Unitholders or their rights in the Fund; – Every change that has an impact on the Fund's risk profile; and – Every increase in the capital of the Fund.
Zakat	The Fund Manager shall not be responsible for paying the Zakat assessed on Unitholders. Unitholders shall be responsible for the payment of their own Zakat, commensurate with their Unit holdings.
Value Added Tax	The Value Added Tax (VAT) is an indirect tax levied on all goods and services purchased and sold by entities, with certain exceptions. It is considered to be an essential source of income which supports the budgets of states. The Kingdom has committed to apply the Value Added Tax at a rate of 5%, starting 1 January 2018G (14.04.1439H) and it was modified later on to 15%. The Value Added Tax was levied across all the stages of the supply chain, starting with production, through distribution, and up to the stage of the final sale of the good or service. The consumer pays the cost of the Value Added Tax on goods and services bought, while enterprises pay the Government the Value Added Tax collected through consumer purchase transactions. Enterprises recover the Value Added Tax they paid to their suppliers. The Fund will also be bound by all taxes imposed on it by law.
Restrictions on Transfers	Units shall be traded in the same way as the shares of the companies listed on Tadawul are traded. Unitholders may sell or purchase the Units during the daily trading hours in the market via licensed financial brokers.

Risk Factors	There are certain risks related to an investment in the Fund. Examples of these risks are described in Paragraph (D) of these Terms and Conditions. These risks must be considered by the prospective investor prior to making his decision of investment in the Fund.
Governing Law	The Real Estate Investment Fund shall be governed by the laws of Saudi Arabia and applicable Regulations issued by the CMA.
Summary of the Fund's Strategy	The main objective of the Fund is to generate to Unitholders stabilized cash distributions with growth potential, by acquiring good quality real estate assets at prime locations, capable of providing better yield at the end of their current leases. The Fund seeks to increase the Fund's investment value by:' (a) the reinvestment of the Retained Income in feasible real estate investment assets after distributing not less than 90% of the Fund's annual net profits, excluding the capital gains resulting from selling the real estate assets to Unitholders; (b) the potential capital appreciation resulting from improved yields by acquiring new properties or obtaining financing; (c) the improvement of the performance of the properties by exploiting the unused parts thereof or reusing the property optimally and in a better way by subdividing or merging areas and attracting renowned brands. The Fund also intends to increase value and returns to Unitholders by improving the net operating income through the partial reduction of expenses by taking advantage of the increase of the Fund size in negotiating with the cost sources to reach less prices, and, accordingly, lower Fund expenses.

	Steps	Expected Time Period After the Closing of the Offering
Projected Time Schedule for Listing the Fund on the Exchange	- Completion of the acquisition of the real estate assets - Signing of the sale, purchase and lease agreement - Transfer of title deeds to the Fund	60 calendar days
	Commencement of Fund Unit Trading on Tadawul	Q2 2018
	Offering Period	20 Business Days, starting as from 18 Rajab 1439H, corresponding to 4 April 2018G, and ending on 29 Shaaban 1439H, corresponding to 15 May 2018G

	Time Extension	In the event the required amount is not raised, the Fund Manager will extend the Subscription Period by 10 Business Days after obtaining the approval of the CMA
	Announcement of the Offering Period and allocation results, and the returning of oversubscriptions following subscription in the Fund	15 Business Days
	Refunding of amounts in the event of cancellation	15 Business Days
	Distribution of the Fund's Dividends	The Fund Manager aims to distribute to investors – at least twice a year at the end of Q1 and Q3 of each Gregorian year –annual cash dividends of not less than 90% of the Fund's annual net profits

TERMS AND CONDITIONS

This document sets out the Terms and Conditions related to the offering of the Units of MEFIC REIT Fund, a closed-ended public Shari'a-compliant real estate investment traded fund. The Fund is managed by MEFIC Capital Company, an Authorized Person licensed by the CMA under License Number 06029-37. These Terms and Conditions represent the contractual relationship between the Fund Manager and Unitholders, pursuant to which the Fund is established.

Subject to the approval of the CMA, the Units of the Fund shall be listed on Tadawul in Saudi Arabian Riyal (SAR).

5. Name and Type of the Fund

The name of the Fund is "MEFIC REIT". The Fund is a closed-ended public Shari'a-compliant real estate investment traded fund established in the Kingdom of Saudi Arabia in accordance with the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions.

6. Address of the Head Office of the Fund Manager

Name: MEFIC Capital
Address: 7th Floor, MEFIC Tower, King Fahad Road, Riyadh 13524, Kingdom of Saudi Arabia
Website: www.MEFIC.com.sa

7. Fund Duration

The Fund term is 99 years, starting as from the date on which the Units are listed on Tadawul (the "Listing Date") and became available for trading (the "Fund Term"). The Fund Term is renewable for a similar term, subject to the approval of the CMA.

8. Description of the Fund's Purpose and Investment Objectives

1. The Fund Manager has determined a number of income generating real estate assets to be acquired in the Kingdom of Saudi Arabia and the United Arab Emirates. Costs of acquiring the existing assets and any future assets, in addition to the operating costs, shall be funded out of the Fund's capital. Moreover, the Fund can obtain a Shari'a compliant financing, in addition to the retained income from the Fund's investments.

2. In Phase (1), all the Fund's real estate assets shall be in the cities of Riyadh, Jeddah and Makkah in the Kingdom of Saudi Arabia, as well as in the City of Dubai in the United Arab Emirates. The Fund may invest in all of the Saudi cities. It may also invest up to a maximum of 25% of the Fund's total assets outside Saudi Arabia, in accordance with the Rules and Laws implemented by the CMA.

3. The Fund aims at distributing cash dividends twice a year at a rate of not less than 90% of the Fund's annual net profits, excluding the capital gains resulting from the sale of the real estate assets, which may be invested in additional assets or in the maintenance and renovation of existing Fund assets.

4. Whereas the Fund will primarily invest in developed and ready for use real estate assets, it may also invest in feasible real estate development projects up to a maximum of 25% of the Fund's Total Asset Value, according to the latest audited financial statements, for the purpose of increasing the value per Unit, provided it invests in income-yielding developed real estate assets at not less than 75% of the Fund's Total Asset Value, and provided it does not invest in white lands.

5. The Fund generally aims at acquiring or investing in income generating hospitality, commercial, administrative "office towers", logistics, residential or multi-use real estate assets.

Dividend Distribution Policy

The Fund Manager aims to distribute to investors - twice a year at the end of Q1 and Q3 after the end of the Gregorian year - annual cash dividends of not less than 90% of the Fund's annual net profits, excluding the profits resulting from the sale of the initial real estate assets, which are reinvested in additional assets. The Fund is expected to declare the dividends and their due and distribution dates within 40 Business Days after any relevant Valuation Day.

Fund Objectives

The primary investment objective of the Fund is to provide its Unitholders with periodic income by investing in income-generating real estate assets in Saudi Arabia and the GCC. The Fund aims to distribute to Unitholders – at least twice a year – 90% of the Fund's net profits, payable within 90 days after the end of the Fiscal Year on 31 December (Q1) in respect of the first distribution, while the second installment of the distribution shall be paid during Q3 of the year.

9. Summary of Fund Strategies and General Description of the Fund's Assets

a- The table below shows the Fund's investment restrictions and allowed limits:

Investment Type	Minimum	Maximum
Periodic and rental income generating Structurally Developed Properties	75%	100%
Real estate development	0%	25%
Leasehold contracts	0%	25%
Cash	0%	25%
Investment outside Saudi Arabia	0%	25%
Publicly offered traded debt instruments licensed by the CMA	0%	25%
Publicly and privately offered money market funds licensed by the CMA	0%	25%
Islamic deposit transactions with local or GCC banks holding a credit rating of not less than (Baa3) by Moody's or an investment grade by Fitch and S&P of a minimum of BBB only	0%	25%
Shari'a compliant investment funds listed on Tadawul, and shares of Shari'a compliant real estate companies listed on Tadawul	0%	25%
White lands	The Fund will not invest in white lands	

b- Description of the sector in which the fund will invest

The main objective of the Fund is to generate to Unitholders stabilized cash distributions with growth potential, by acquiring good quality real estate assets at prime locations, capable of providing better yield at the end of their current leases. The Fund seeks to maximize the Fund's investment value by:

(a) the reinvestment of the Retained Income in feasible real estate investment assets with a return of not less than 8%, without concentrating the assets in a certain sector or region, so that the Fund's sources of income are diversified. This shall be made after distributing not less than 90% of the Fund's annual net profits, excluding the capital gains resulting from selling the real estate assets to Unitholders;

(b) the potential capital appreciation resulting from improved yields by acquiring new properties or obtaining financing;

(c) the improvement of the performance of the properties by exploiting the unused parts thereof or reusing the property in line with market requirements by adopting strategies aimed at increasing demand on the property, such as (subdividing or merging areas, and targeting renowned reputable tenants).

The Fund also intends to increase value and returns to Unitholders by improving the net operating income through the partial reduction of expenses by taking advantage of increasing the Fund size in negotiating with the cost sources to reach less prices, and, accordingly, lower Fund expenses.

The Fund intends to adopt distinct selective criteria carefully reviewed and planned, which take into consideration the nature of the real estate sector, levels of supply and demand, geographic and political factors and periodic fluctuations of the various real estate categories. The Fund intends to invest in commercial, multi-use, hospitality, administrative and logistics properties and retail real estate assets, which are leased to companies or individuals or operated directly.

c. General Description of the Real Estate Assets to be Acquired by the Fund

MEFIC REIT is comprised of a diversified investment portfolio including 7 properties distributed across Riyadh, Jeddah and Makkah, in addition to a property in Dubai, UAE. These assets are distributed across various real estate sectors (residential, commercial, office, and hospitality). The Fund's initial real estate assets will be comprised of the following eight properties:

(1) Commercial Mall in Riyadh
(2) Commercial and Office Building in Jeddah
(3) Plaza 1

(4) Hospitality Building
(5) Drnef Ajyad Hotel
(6) Drnef Kuddai Hotel
(7) The Pad – Dubai – United Arab Emirates.

The Fund Manager declares that the property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the property. It also declares that the property is technically sound and free of any major engineering defects or faults which may prevent, or cause the prevention of, the use or operation of the building, or may in turn cause costly major repairs and changes.

The Fund entered into purchase agreements for the purpose of acquiring the aforementioned eight real estate assets in a sum total of SAR 1,199 million. Acquisition of the initial real estate assets is expected to be completed within 60 calendar days as of the date of closing of the Offering. The Fund also entered into some long term lease contracts with the current operators to ensure the cash flow of the Fund. These lease contracts are triple net (NNN), where the lessee shall be responsible for the maintenance, insurance and other operating costs.

d - The following table contains a general description of the real estate assets to be acquired by the Fund

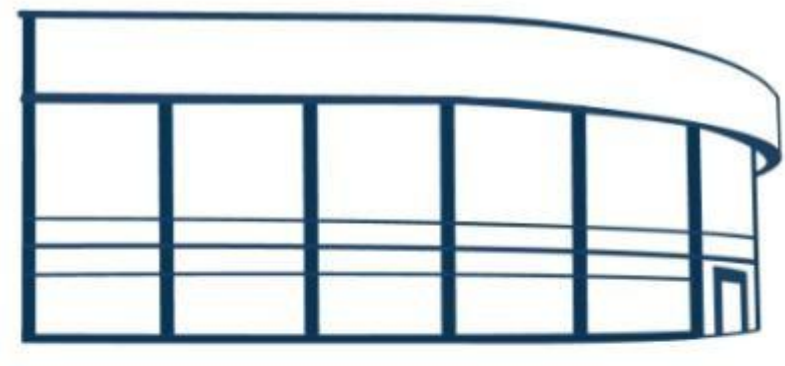
Property Name	City	Freehold/ Leasehold	Development Status	Purchase Price	Net Annual Rent	Total Return Ratio	Ratio of Property to Fund	Ratio of Return to Total Fund Returns
Commercial Mall in Riyadh	Riyadh	Freehold	Developed	665,000,000	40,803,399.00	6.14%	55%	42%
Commercial and Office Building in Jeddah	Jeddah	Freehold	Developed	45,000,000	4,050,000.00	9.00%	4%	4%
Plaza 1	Riyadh	Leasehold	Developed	66,000,000	12,613,261.00	19.11%	6%	13%
Hospitality Building	Riyadh	Leasehold	Developed	93,000,000	9,900,000.00	10.65%	8%	10%
Drnef Ajyad Hotel	Makkah	Freehold	Developed	123,000,000	10,000,000.00	8.13%	10%	10%
Drnef Kuddai Hotel	Makkah	Freehold	Developed	57,000,000	5,000,000.00	8.77%	5%	5%
The Pad*	Dubai	Freehold	Under Development	67,602,309	6,627,677.00	9.80%	6%	7%
Total in Saudi Riyal				**1,198,602,309**	**98,034,337.00**	**8.18%**	**100%**	**100%**

* 30 residential apartments were acquired in The Pad in the Business Bay in Dubai, UAE, for a total cost of AED 66,250,263 (including the fees of Dubai Land Department)

We will overview in the following pages the information related to each property in terms of the description of the property, main lease contract conditions, occupancy rate and number of Units per property, in addition to the Fund Manager's declarations in respect of conflict of interests:

First Property	Commercial Mall in Riyadh | Freehold

Location of the Commercial Mall in Riyadh





Description of the Property | Commercial Mall in Riyadh	
Property Name	Commercial Mall in Riyadh
Current Property Owner	Souq Sharq – MEFIC Fund owns the leasehold of the project for a period of 31 years starting 22.12.1430H, while HRH Prince Mitib bin Abdulaziz Al Saud owns the freehold of the project
Property Overview and type	A commercial mall comprised of 187 showrooms. Tenants are actively engaged in the trade of home appliances, curtains and furniture
Location	Saudi Arabia - Aljazira District, Riyadh- Eastern ring road
Plot Area	Around 120,205 square meters
Built Up Areas/Age	Around 77,299 square meters / the Commercial Mall was inaugurated in 1432H, corresponding to 2012G
No. of floors	1 floor
Type and Number of units	187 showrooms

Occupancy Rates Over the Past Years	2015: 94% 2016: 93% 2017: 97%
Age of the Building	7 Hegira Years, since 1432H
Operating History of the Building	Since 19.05.1432H, according to the Construction Completion Certificate
Total Purchase Cost	SAR 665 million
Property Manager	Almaqsd Real Estate Dev. Co.
Leasing History of the Property	The rental value for the past 3 years is shown below: 2015: SAR 39,693,985.03 2016: SAR 36,111,363.39 2017: SAR 36,535,792.10
Number of Lease Contracts by Virtue of Which All Shops are Leased	171 Lease Contracts
Use	Commercial Mall

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Commercial Mall in Riyadh	Net Operating Income (SAR million)	40.8	42.0	43.3	44.6
	Return on the Property's Purchase Price (%)	6.1%	6.3%	6.5%	6.7%
	Ratio of Net Income to Total Income of the Properties (%)	42%	43%	43%	44%

Source of Target Returns: ValuStrat Feasibility Study

Ratio of the In-Kind Subscription of the Property
SAR 150 million, or 23% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
One year after the date of trading of the Commercial Mall Units.

Ownership of the Building-Related Companies
MEFIC Souq Sharq Fund owns a leasehold at the building; while HRH Prince Mitib bin Abdulaziz Al Saud owns the freehold of the land and the building.

Following the acquisition of the property by MEFIC REIT, the percentage contribution of HRH Prince Mitib bin Abdulaziz Al Saud will be 12.19% of the total Units of MEFIC REIT, in return for his in-kind contribution.

Construction Completion Certificate
The Property has a construction completion certificate numbered 1423/2849, dated 19.5.1432H.

Property Sale and Purchase Agreement	
Property Subject of this Contract	Commercial Mall in Riyadh.
Purchase Price	SAR 665 million. MEFIC REIT will own the Property.
Transaction Details	The transaction will be comprised of two parts: **First:** The agreement to purchase the leasehold from MEFIC Souq Sharq Fund will be for a sum total of SAR 265 million. **Second:** The purchase of the freehold of the property from the landowner (HRH Prince Mitib bin Abdulaziz Al Saud). The freehold was purchased for SAR 400 million. Indeed, a binding sale agreement was signed between the property owner and MEFIC REIT.
Assignment of Agreements	- The buyer may assign its rights and obligations under this Agreement to a third party without the prior consent of the seller. - The seller may assign its rights and obligations under this Agreement to a third party without the prior consent of the buyer.
Governing Law	This Agreement is governed by the applicable laws and regulations of the Kingdom of Saudi Arabia.

Details of the Management Contract and Top Tenants	
Project Manager	Almaqsd Real Estate Dev. Co.
Fees	Collection commission: 7% of the cash collected, in addition to administrative expenses of SAR 35,000 per month. The owner bears all operating expenses..
Tasks	Collection of rents, sourcing of best suitable offers in respect of the operation and maintenance contracts for various works, as well as their supervision and follow up, and the follow up of the lessees. It is also charged with following up the cleaning contracts, security and maintenance contractors and any other relevant contracts that are required for the Commercial Mall.
Term	The contract is yearly, renewable automatically, unless either party notifies the other party of its intention not to renew 60 days prior to the expiration of the contract.
Termination Conditions	The Fund Manager may terminate the contract without compensation, whenever the following occurs: - Non-compliance with, and the material breach of, the lease agreement provisions. - Any change or fraud, which may affect the Fund Manager's rights and obligations. - In the event of bankruptcy of the Property Manager, liquidation of its company, or discontinuation of its activity by order of government authorities.

The Top Three Commercial Lessees at the Commercial Mall in Riyadh

First Lessee: Pan Emirates	
Starting Date of the Lease Contract	24.06.1433H, corresponding to 15.05.2012G.
Lease Term	15 Hegira Years Ending on 23.06.1448H, corresponding to 03.12.2026G.
Lease Type	Lease contract whereby the Lessee pays the cost of maintenance, totaling SAR 127,246, while the Lessor pays the cost of insurance and management.
Permitted Use	Commercial Showroom.
Total Rental Value (During the Lease Term)	Lease contract for a period of 15 years, with a total rental value of SAR 38,160,000 for the entire Lease Term (an annual rent of SAR 2,544,000).
Terms of Payment of Rent	Payable semi-annually, according to the Hegira calendar.
Contract Cancellation Conditions	• The Lessor may terminate the Contract in the event the Lessee fails to pay the rent for a period of 15 days after its due date, or if the Lessee fails to comply with any of the Contract conditions, or if the Lessee files for liquidation or bankruptcy, or if a material change occurs to the Lessee's shareholders or control, or if the Lessee changes its activity without the prior permission of the Lessor. • If the Lessee moves out of the location before the end of the original Lease Term, the Lessee shall be obliged to pay the full rent for the year during which it vacated the premises, plus all the expenses incurred by the Lessee (provided the Lessor allows the Lessee to use the Property for the entire period for which it paid rent).

Second Lessee: Al Qafari Group – Hi Point	
Starting Date of the Lease Contract	19.02.1434H, corresponding to 01.01.2013G.
Lease Term	10 Gregorian Years Ending on 08.06.1444H, corresponding to 01.01.2023G.
Lease Type	Lease contract whereby the Lessee pays the cost of maintenance, while the Lessor pays the cost of insurance and management.
Permitted Use	Commercial Showroom.
Total Rental Value (During the Lease Term)	Lease contract for a period of 10 years, with a total rental value of SAR 17,275,100 for the entire Lease Term (an annual rent of SAR 1,727,510).
Terms of Payment of Rent	Payable semi-annually, according to the Gregorian calendar.
Contract Cancellation Conditions	• The Lessor may terminate the Contract in the event the Lessee fails to pay the rent for a period of 15 days after its due date, or if the Lessee fails to comply with any of the Contract conditions, or if the Lessee files for liquidation or bankruptcy, or if a material change occurs to the Lessee's shareholders or

	control, or if the Lessee changes its activity without the prior permission of the Lessor. • If the Lessee moves out of the location before the end of the original Lease Term, the Lessee shall be obliged to pay the full rent for the year during which it vacated the premises, plus all the expenses incurred by the Lessee, or in the event it suspends its activity for a period of 15 consecutive days or 30 intermittent days, the Lessor shall be entitled to terminate the Contract (provided the Lessor allows the Lessee to use the Property for the entire period for which it paid rent).

Third Lessee: Hamad Al Manea & Partners Trading Limited	
Starting Date of the Lease Contract	01.04.1438H, corresponding to 29.12.2016G.
Lease Term	5 Hegira Years Ending on 30.03.1443H, corresponding to 06.11.2021G.
Lease Type	Lease contract whereby the Lessee pays the cost of maintenance, while the Lessor pays the cost of insurance and management.
Permitted Use	Commercial Showroom.
Total Rental Value (During the Lease Term)	Lease contract for a period of 5 years, with a total rental value of SAR 6,700,650 for the entire Lease Term (an annual rent of SAR 1,340,130).
Terms of Payment of Rent	Payable semi-annually, according to the Hegira calendar.
Contract Cancellation Conditions	• The Lessor may terminate the Contract in the event the Lessee fails to pay the rent for a period of 15 days after its due date, or if the Lessee fails to comply with any of the Contract conditions, or if the Lessee files for liquidation or bankruptcy, or if a material change occurs to the Lessee's shareholders or control, or if the Lessee changes its activity without the prior permission of the Lessor. • The Lessor may terminate the Contract by notice to the Lessee, if the Lessee suspends its activity for period of 20 days.

Fund Manager's Declarations
- The Fund Manager declares that there is a direct conflict of interest with the owner of the leasehold, MEFIC Souq Sharq Fund, since MEFIC REIT will acquire the leasehold from MEFIC Souq Sharq Fund. - The Fund Manager declares that there is a direct conflict of interest with the owner of the freehold of the Commercial Mall in Riyadh, since HRH Prince Mitib bin Abdulaziz Al Saud holds 12.19% of the total Units of MEFIC REIT Fund. - Notwithstanding the above, the Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager of the Properties related to the Fund, the Owner of the Properties related to the Fund or any lessee(s) of real estate assets with

returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions.

- The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes.
- The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Second Property	**Commercial and Office Building in Jeddah | Freehold**

Location of the Commercial and Office Building in Jeddah





Description of the Property | Commercial and Office Building in Jeddah	
Property Name	Commercial and Office Building in Jeddah
Current Property Owner	According to the title deed, the Property is currently owned by Mr. Anas bin Abdulaziz bin Ali Al-Aqla, on behalf of the actual owner of the Property (Qannas Fund II)
Property Overview and Type	The Property is currently used as a commercial, office and retail building, fully leased to Sustainable Property. It is comprised of 10 retail shops and 6 office floors.

Location	Saudi Arabia - Jeddah – Hamra District – Al Andalus Road
Plot Area	2,500 square meters
Leasable Areas/Age	7,343 square meters. The Property's age is over 25 years.
Number of Floors	6 identical floors
Number of Units	10 retail shops and 15 office units
Occupancy Rates Over the Past Years	2016: 79.95% 2017: 80.00%
Age of the Building	Since 12.07.1401H, corresponding to 16.05.1981G, as per the Building Permit
Operating History of the Building	Since 12.07.1401H, corresponding to 16.05.1981G
Total Purchase Cost	SAR 45 million
Use	Commercial, Office and Retail

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Commercial and Office Building in Jeddah	Net Operating Income (SAR million)	4.1	4.1	4.1	4.1
	Return on the Property's Purchase Price (%)	9.0%	9.0%	9.0%	9.0%
	Ratio of Net Income to Total Income of the Properties (%)	4%	4%	4%	4%

Source of Target Returns: A binding lease contract

Ratio of the In-Kind Subscription of the Property
SAR 33 million, or 73% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
One year after the date of trading of the Units on the Exchange.

Ownership of the Building-Related Companies
Qannas Fund II owns the building.

Construction Completion Certificate
None.

Main Conditions of the Property Lease Agreement
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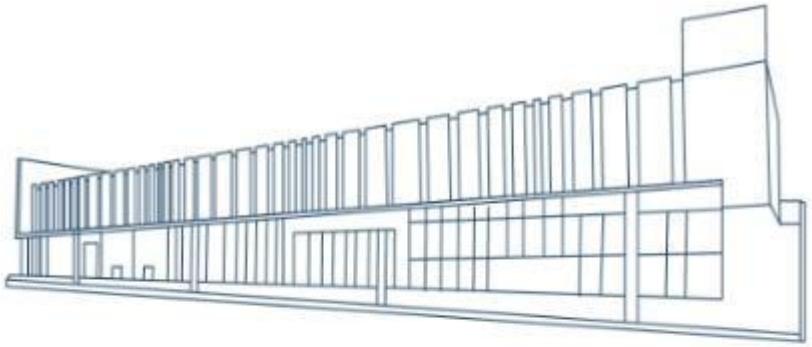
Property Sale and Purchase Agreement and the Management and Lease Contract	
Buyer	MEFIC REIT Fund.
Seller	MEFIC Qannas Fund II (Owner of the Property). Tihama Publicity and Advertising (Owner of the Leasehold).
Purchase Price	SAR 45 million. MEFIC REIT will acquire the Property.

Property Manager	Sustainable Property.
Number of Lesses	21 Tenants
Leasing History of the Property	The leasing history of the Property since the signing of the purchase agreement on 09.03.1437H, corresponding to 20.12.2015G, starting as of 01.01.2016G, is as follows: 2016: SAR 3,300,000 2017: SAR 3,300,000.

Fund Manager's Declarations
- The Fund Manager declares that there is a direct conflict of interest with the Owner of the Property, namely Qannas Fund II, since MEFIC REIT will acquire the leasehold from Qannas Fund II. - Notwithstanding the above, the Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager(s) of the Properties related to the Fund, the Owner(s) of the Properties related to the Fund or any lessee(s) of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Third Property	Plaza 1 | Leasehold

Location of Plaza 1 Property





Description of the Property | Plaza 1	
Property Name	Plaza 1.
Current Property Owner	The freehold of the Property is owned by Mr. Abdullah bin Ibrahim bin Abdullah Al-Masa'ad. It is noted that MEFIC Qannas Fund owns the leasehold of the Property which is built on a land leased for a period of 8.5 years for a rental value of SAR 30.5 million throughout the term of the contract. The lease contract of the land ends in Safar 1448H, corresponding to July 2026G.
Property Overview and type	The Property is a private residential compound and a commercial mall for a number of global food and beverage brands. It is comprised of a basement, a ground floor, a mezzanine, a first floor and top annexes.
Location	Saudi Arabia - Riyadh – King Abdulaziz Road – Al-Rabea District.
Plot Area	9,588 square meters.

Built Up Areas/Age	16,435.56 square meters. The age of the Property is 3 years, starting as from 1436H.
Number of Identical Floors	3 floors.
Number of Units	51 residential units and 12 retail units.
Occupancy Rates Over the Past Years	2016: 73%. 2017: 84%.
Age of the Building	3 years.
Operating History of the Building	3 years, starting in January 2015.
Leasehold Total Purchase Cost	SAR 66 million, for a period of 8.5 years ending in Safar 1448H, corresponding to July 2026G.
Project Manager	Almaqsd Real Estate Dev. Co.
Number of Lease Contracts by Virtue of Which the Units are Leased	49 contracts.
Use	Residential and Commercial.
Number of Lessees	10 showrooms. 33 housing units.

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Plaza 1	Net Operating Income (SAR million)	12.6	12.8	13.2	13.6
	Internal Rate of Return (IRR) (%)	10.6%	10.6%	10.6%	10.6%
	Ratio of Net Income to Total Income of the Properties (%)	13%	13%	13%	13%

Source of Target Returns: ValuStrat Feasibility Study

Ratio of the In-Kind Subscription of the Property
SAR 66 million, or 100% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
One year after the date of trading of the Units on the Exchange.

Ownership of the Building-Related Companies
MEFIC Qannas Fund owns a leasehold at the building.

Construction Completion Certificate
The Property has a construction completion certificate numbered 1436/1857, dated 17.3.1436H.

Leasehold Sale and Purchase Contract, Details of the Management Contract, and Top Lessees	
Buyer of the Leasehold	MEFIC REIT Fund.
Seller of the Leasehold	MEFIC Qannas Fund.
Leasehold Total Purchase Cost	SAR 66 million, for a period of 8.5 years ending in Safar 1448H, corresponding to July 2026G.
Project Manager	Almaqsd Real Estate Dev. Co.
Details of the Lease Contract	MEFIC REIT, through the Project Manager, will lease the Property's shops and apartments to lessees.
Total Target Income of the Property	SAR 156,308,717 for the entire leasehold period First Year: SAR 16,081,324 Second Year: SAR 16,876,944 Third Year: 17,290,296
Leasing History of the Property	Based on the historical data of the lessees' register, total lease revenues were as follows: 2015: SAR 9,924,876 2016: SAR 11,123,713 2017: SAR 12,271,046

The Top Three Lessees at Plaza 1 Property

First Lessee: Arabian Passion Company (Five Guys)	
Starting Date of the Lease Contract	18.11.1436H to 08.11.1446H.
Lease Term	10 Hegira Years, binding to both parties.
Property Subject of this Contract	Plaza 1 Project – Commercial and Residential Building.
Rental Value	SAR 16,322,233, for the entire Lease Term (10 years), with an annual rent of SAR 1,632.223.
Contract Cancellation Conditions	If the Lessee is late in paying the full rental value or any other payable amount, following serving a written notice to it, within 30 days after its due date, the Lessor may discontinue the services. If it fails to settle the payment, after serving a second written notice to it, within 15 days, the Lessor may rescind the Contract at any time.
Terms of Payment of Rent	Two semi-annual payments.
Assignment of the Lease Agreements	The Lessee of the Project may not assign the Lease Contract without the Lessor's consent.
Governing Law	This Agreement is subject to the laws and regulations of the Kingdom of Saudi Arabia.

Second Lessee: Aldiyafa Alraeda Company (Chico)	
Starting Date of the Lease Contract	14.10.2015G to 14.10.2025G.
Lease Term	10 Gregorian Years, binding to both parties for the first five years.
Property Subject of this Contract	Plaza 1 Project – Commercial and Residential Building.
Rental Value	SAR 9,855,451, for the entire Lease Term.
Contract Cancellation Conditions	If the Lessee is late in paying the full rental value or any other payable amount, following serving a written notice to it, within 30 days after its due date, the Lessor may discontinue the services. If it fails to settle the payment, after serving a second written notice to it, within 30 days, the Lessor may rescind the Contract at any time.
Terms of Payment of Rent	Two semi-annual payments.
Assignment of the Lease Agreements	The Lessee of the Project may not assign the Lease Contract without the Lessor's consent.
Governing Law	This Agreement is subject to the laws and regulations of the Kingdom of Saudi Arabia.

Third Lessee: Makan Al-Azafir Company (The Spa)	
Starting Date of the Lease Contract	01.10.1436H to 01.10.1441H.
Lease Term	5 Hegira Years, binding to both parties.
Property Subject of this Contract	Plaza 1 Project – Commercial and Residential Building.
Rental Value	SAR 6,989,101, for the entire Lease Term.
Contract Cancellation Conditions	If the Lessee is late in paying the full rental value or any other payable amount, following serving a written notice to it, within 15 days after its due date, the Lessor may discontinue the services. If it fails to settle the payment, after serving a second written notice to it, within 15 days, the Lessor may rescind the Contract at any time.
Terms of Payment of Rent	Two semi-annual payments.
Assignment of the Lease Agreements	The Lessee of the Project may not assign the Lease Contract without the Lessor's consent.
Governing Law	This Agreement is subject to the laws and regulations of the Kingdom of Saudi Arabia.

Fund Manager's Declarations
- The Fund Manager declares that there is a direct conflict of interest with the owner of the leasehold, MEFIC Qannas Fund, since MEFIC REIT will acquire the leasehold from MEFIC Qannas Fund. - The Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager of the Properties related to the Fund, the Owner of the Properties related to the Fund or the lessees of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Forth Property	Al Diyafa Building | Leasehold

Location of Al Diyafa Property





Description of Al Diyafa Property	
Property Name	Al Diyafa Building.
Current Property Owner	The freehold of the Property is owned by Zayed bin Fahad Al-Sokaibi. It is noted that MEFIC Qannas Fund owns the leasehold of the Property which is built on a land leased for 18 years. Upon expiration of the Lease Contract, the ownership of the entire Project (the Property + the building) returns to the landowner.
Property Overview and type	The Property contains a food court comprised of 9 areas allocated for fine dining, as well as a first floor containing a high-end women spa, and a second floor, in addition to a basement on the entire area of the land.
Location	Saudi Arabia - Riyadh – Al-Nakheel District – Northern Ring Road.

Plot Area	9,100 square meters.
Built Up Areas/Nature of the Property	17,073.5 square meters. The building is newly built. It received its Construction Completion Certificate on 13.04.1439H.
No. of floors	Basement , ground, first and second floors
Number of Units	9 areas allocated for fine dining, and a first floor containing a high-end women spa.
Description of the Property	The Property contains a food court comprised of 9 areas allocated for fine dining, as well as a first floor containing a high-end women spa, and a second floor, in addition to a basement on the entire area of the land.
Use	Commercial.
Number of Lessees	12 tenants
Age of the Building	The construction of the building was completed on 1.1.2018.
Leasing History of the Property	Not leased yet.
Leasehold Total Purchase Cost	SAR 93 million, for a period of 18 years ending in 1456H, corresponding to 2035G.
Occupancy Rates Over the Past Years	Not applicable, since the operation did not start yet.

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Diyafa	Net Operating Income (SAR million)	9.9	10.2	10.5	10.8
	Internal Rate of Return (IRR) (%)	10.1%	10.1%	10.1%	10.1%
	Ration of Net Income to Total Income of the Properties (%)	10%	10%	10%	11%

Source of Target Returns: A binding lease contract

Ratio of the In-Kind Subscription of the Property
SAR 27.5 million, or 30% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
One year after the date of trading of the Units on the Exchange.

Ownership of the Building-Related Companies
MEFIC Qannas Fund owns a leasehold at the building.

Construction Completion Certificate
The Property has a construction completion certificate numbered 1439/1314, dated 13.04.1439H.

Main Conditions of the Property Lease Agreement

The building will be leased under one contract to a single lessee.

Property Leasehold Sale and Purchase Agreement and Management and Lease Contract	
Buyer of the Leasehold	MEFIC REIT Fund.
Seller of the Leasehold	MEFIC Qannas Fund.
Property Manager	Almaqsd Real Estate Dev. Co.
Property Subject of this Contract	Diyafa Project – Commercial Building.
Leasehold Total Purchase Cost	SAR 93 million, for a period of 18 years ending in 1456H, corresponding to 2035G.
Details of the Lease Contract	12 tenants with total rental income of around SAR 15.5 mn

Fund Manager's Declarations
- The Fund Manager declares that there is a direct conflict of interest with the owner of the leasehold, namely MEFIC Qannas Fund, since MEFIC REIT will acquire the leasehold from MEFIC Qannas Fund. - The Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager of the Properties related to the Fund, the Owner of the Properties related to the Fund or the lessees of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Fifth Property	Drnef Ajyad Hotel | Freehold

Location of Drnef Ajyad





Description of Drnef Ajyad Property	
Property Name	Drnef Ajyad Hotel.
Current Property Owner	Fahad Ibrahim Al-Mousa. Mohammed bin Abdulrahman Al-Isa. Omar bin Abdullah Qadi.
Property Overview	The Hotel is comprised of two connected buildings, with 203 rooms and 11 suites, in addition to event and conference halls, a restaurant, a children hall, and a gymnasium. It is licensed as a 4-start hotel to receive 1,010 pilgrims. It is located near Abraj Kudai which will contain the largest shopping mall in Makkah. The Property is built on a land owned by an e-Title Deed.
Location	Makkah, Ray Bakhsh District – Off Ajyad Street.
Plot Area	1,781 square meters.
Built up Areas/Nature of the Property	10,401 square meters. The building is newly built.

Age of the Building	The building was inaugurated in Ramadan 1438H, corresponding to June 2017G.
Start of Operation of the Hotel	Actual operation of the Hotel started in October 2017G.
Number of Units	The number of rooms is 203, and the number of suites is 11.
Property Total Purchase Cost	SAR 123 million.
Distance Between the Hotel and the Grand Mosque	2,800 meters.
Hotel Operating Seasons	Year round.
Occupancy Rates Over the Past Years	From October 2017G to end February 2018G, the Hotel's average occupancy rate was 69%. It is noted that during the Hajj season, the Hotel reached 97% in occupancy.
Hotel Classification	4-star hotel.
Use	Hotel.

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Drnef Ajyad	Net Operating Income (SAR million)	10.0	10.0	10.0	10.0
	Return on the Property's Purchase Price (%)	8.1%	8.1%	8.1%	8.1%
	Ratio of Net Income to Total Income of the Properties (%)	10%	10%	10%	10%

Source of Target Returns: A binding lease contract

Ratio of the In-Kind Subscription of the Property
SAR 36.9 million, or 30% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
Two years after the date of trading of the Units on the Exchange.

Ownership of the Building-Related Companies
N/A.

Construction Completion Certificate
N/A.

Main Conditions of the Property Lease Agreement
The Hotel will be leased under one contract to a single lessee.

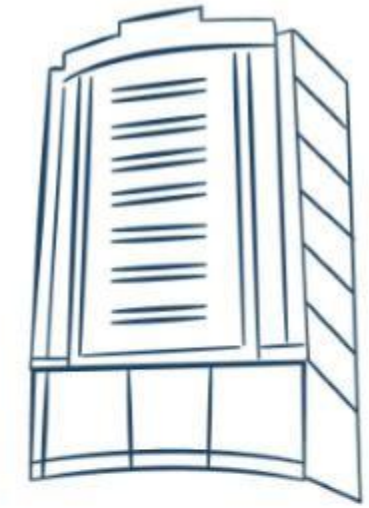
Property Sale and Purchase Agreement and Management and Lease Contract	
Buyer	MEFIC REIT Fund
Seller	Fahad Ibrahim Al-MousaMohammed bin Abdulrahman Al-Isa. Omar bin Abdullah Qadi.

Details of the Lease Contract	Not Applicable.
Lessee and Property Manager	Not Applicable
Starting Date of the Lease Contract	Not Applicable
Lease Term	Not Applicable
Property Subject of this Contract	Drnef Ajyad Hotel – Residential Building
Property Purchase Price (Freehold)	SAR 123 million
Annual Rent	Not Applicable
	–
Terms of Payment of Rent	Not Applicable
Assignment of the Lease Agreements	The Lessee of the Project may not assign the Lease Contract without the Lessor's consent.
Conditions for Cancellation of the Contract	None.
Leasing History of the Property	Commissioning of the Property started in Ramadan 1438H, corresponding to June 2017G. Approximate revenues for half of 2017G were around SAR 6 million. It is also rented at SAR 10 mn per annum since MEFIC REIT inception till September 2020
Governing Law	

Fund Manager's Declarations
- The Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager(s) of the Properties related to the Fund, the Owner(s) of the Properties related to the Fund or any lessee(s) of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Sixth Property	Drnef Kudai Hotel | Freehold

Location of Drnef Kudai





Description of Drnef Kudai Property	
Property Name	Drnef Kudai Hotel.
Current Property Owner	Fahad bin Ibrahim Al-Mousa.
Property Overview	The Hotel is comprised of 75 rooms and 11 suites, in addition to 4 small ballrooms, a large ballroom, a restaurant, a coffee shop, a children play area, and a gymnasium. It is licensed as a 3-start hotel to receive 410 pilgrims. The Property is built on a land owned by an e-Title Deed.
Location	Makkah, Kudai District – Third Ring Road.
Plot Area	750 square meters.

Built up Areas/Nature of the Property	6,016 square meters.
Age of the Building	4 years.
Start of Operation	Actual operation of the Hotel started in 2015G.
Use	Hotel.
Property Total Purchase Cost	SAR 57 million.
Hotel Operating Seasons	Year round.
Distance Between the Hotel and the Grand Mosque	4,200 meters.
Number of Units	75 rooms and 11 suites.
Occupancy Rates Over the Past Years	2015: 65%. 2016: 70%. 2017: 79%.
Hotel Classification	3-star hotel.

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
Drnef Kudai	Net Operating Income (SAR million)	5.0	5.0	5.0	5.0
	Return on the Property's Purchase Price (%)	8.8%	8.8%	8.8%	8.8%
	Ratio of Net Income to Total Income of the Properties (%)	5%	5%	5%	5%

Source of Target Returns: A binding lease contract

Ratio of the In-Kind Subscription of the Property
SAR 17.1 million, or 30% of the acquisition value.

Lockup Period on the In-Kind Contribution Ratio
Two years after the date of trading of the Units on the Exchange.

Ownership of the Building-Related Companies
N/A.

Construction Completion Certificate
N/A.

Main Conditions of the Property Lease Agreement
The Hotel will be leased under one contract to a single lessee.

Property Sale and Purchase Agreement and Management and Lease Contract	
Buyer	MEFIC REIT Fund.

Seller	Fahad bin Ibrahim Al-Mousa.
Details of the Lease Contract	Not Applicable.
Lessee and Property Manager	Not Applicable
Starting Date of the Lease Contract	Not Applicable
Lease Term	Not Applicable
Property of Subject this Contract	Drnef Kudai Hotel – Residential Building.
Property Purchase Price (Freehold)	SAR 57 million.
Annual Rent	Not Applicable
	–
Leasing History of the Property	The Hotel is leased since 2015G under one contract for a fixed rent until the end of 2017G. The rental value for each year is SAR 3,500,000. 2015: SAR 3,500,000. 2016: SAR 3,500,000. 2017: SAR 3,500,000. It is also rented at SAR 5 mn per annum since MEFIC REIT inception till September 2020
Governing Law	This Agreement is subject to the applicable laws and regulations of the Kingdom of Saudi Arabia.

Fund Manager's Declarations
- The Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager of the Properties related to the Fund, the Owner of the Properties related to the Fund or the lessees of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

Seventh Property	The Pad | Freehold | Dubai

Location of The Pad in the Business Bay in Dubai, UAE





Description of The Pad Property	
Property Name	The Pad.
Current Owner	Pad Properties Nine Limited.
Property Overview and type	30 residential apartments in a residential building containing 253 residential apartments, overlooking the City Center, Business Bay and Burj Khalifa.
Location	Plot 72, Business Bay, Dubai, UAE.
Plot Area	4,662 square meters.

Built Up Areas/Nature of the Property	4,110 square meters.
Age of the Building	Property under development.
Use	Residential.
Property Total Purchase Cost	SAR 67.6 million, equivalent to AED 66.3 million.
Number of Units	30 units, representing the investments of MEFIC REIT in the Tower.
Occupancy Rates Over the Past Years	Not applicable, since that operation did not start yet.

Target Lease of the Property During the Coming Years

Year		2018	2019	2020	2021
The Pad	Net Operating Income (SAR million)	6.6	5.3	5.3	5.3
	Return on the Property's Purchase Price (%)	9.8%	7.8%	7.8%	7.8%
	Ratio of Net Income to Total Income of the Properties (%)	7%	5%	5%	5%

Source of Target Returns: A binding lease contract

Ratio of the In-Kind Subscription of the Property
N/A.

Lockup Period on the In-Kind Contribution Ratio
N/A. There are no in-kind contributions.

Ownership of the Building-Related Companies
N/A.

Construction Completion Certificate
The percentage completion of the Property exceeded 95%. The Construction Completion Certificate is expected to be issued in Q2 2018.

Main Conditions of the Property Lease Agreement
The Hotel will be leased under one contract to a single lessee.

Property Sale and Purchase Agreement and Management and Lease Contract	
Buyer	MEFIC REIT Fund.
Seller	Pad Properties Nine Limited.
Details of the Lease Contract	MEFIC REIT will lease the asset to one Lessee, namely Omniyat Company, by virtue of a 4-year renewable binding contract. The Lessee will pay all the costs of operation, operation maintenance and insurance of the Property.
Lessee and Project Manager	Omniyat Middle East Real Estate Development Company*.

Starting Date of the Lease Contract	As of the date of listing on Tadawul.
Lease Term	Four Gregorian years.
Property Subject of this Contract	30 residential apartments in The Pad Building – Residential Building.
Property Purchase Price	AED 66.3 million, equivalent to SAR 67.6 million.
Rental Value	SAR 6.63 million for the first year, equivalent to AED 6.5 million. SAR 5.3 million from the second year to the fourth year, equivalent to ADE 5.2 million. The transaction was structured in this form in favor of the Fund Unitholders to urge the Lessee to commercially operate the building, and subsequently realize the target returns to the shareholders. Raising the rent in the first year will drive the Master Lessee to attract many lessees in order to maximize the building's rental income as much as possible. It is noted that the rates of return according to the Lease Agreement during the four years are considered to be very attractive, as compared to the rates of return in Dubai's Business Bay.
Securities	– A trust account in which all the rental proceeds shall be annually deposited. Any excess amounts shall be deposited in the Lessee's account. – Promissory notes for the full value of rent for the entire Lease Term.
Terms of Payment of Rent	Direct collection from the trust account, in two semi-annual payments.
Assignment of the Lease Agreements	The Lessee of the Project may not assign the Lease Contract without the Lessor's consent.
Conditions for Cancellation of the Contract	No specific conditions.
Leasing History of the Property	The building is new and does not have a leasing history.
Governing Law	This Agreement is subject to the applicable laws and regulations of the Kingdom of Saudi Arabia.

*Pad Properties Nine Limited is a special purpose vehicle owned by Omniyat Middle East Real Estate Development Company

Fund Manager's Declarations
- The Fund Manager declares, to the best of its knowledge as at the time of the Fund's Offering, that there is no direct or indirect conflict of interest between the Fund and the Fund Manager or the Manager(s) of the Properties related to the Fund, the Owner(s) of the Properties related to the Fund or any lessee(s) of real estate assets with returns constituting 10% or more of the annual rental returns of the Fund, other than what is stated in these Terms and Conditions. - The Fund Manager declares that the Property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the building, or may cause costly major repairs and changes. - The Fund Manager declares that all of the information on the historical returns of the Property is true, and that it will hold liability if such information is found to be untrue.

e - Investment Concentration Policies

The Fund will target to invest primarily in the Kingdom of Saudi Arabia as well as some GCC states. Investment in these states is expected to generate attractive returns and increase the investment value. Those regions are characterized by favorable demographics and a strong growth of business activities, as well as a positive flow of investments, positive supply and demand dynamics, and a solid infrastructure. The Fund targets primarily the Saudi market. As for the GCC markets, the Fund will target investment in the UAE real estate market by not more than 25% of the Fund's total assets. As such, the Fund Manager aims at gaining exposure to a vital market providing attractive returns by investing in commercial, residential and office towers that are fully leased to well-known regional and international companies.

In Addition, the Fund may invest up to a maximum of 25% of its Total Asset Value in (real estate development activities (including renovation and re-development), provided the Fund does not invest in white lands. This includes entering into Murabaha transactions with local banks or investing in the shares of Shari'a compliant real estate companies or Shari'a complaint real estate investment traded funds (REITs) listed on Tadawul).

The following table shows the maximum limit of the various types of Fund investments

Type of Investment	Allocation Percentage
Structurally Developed Properties capable of generating periodic and rental income in Saudi Arabia	Not less than 75% of the Fund's total real estate asset value.
Real estate development activities Leasehold Saudi Riyal Murabaha transactions Shares of Shari'a compliant real estate companies listed on Tadawul Shari'a compliant real estate investment traded funds (REITs) listed on Tadawul Publicly and privately offered money market funds licensed by the CMA Islamic deposit transactions with local or GCC banks holding a credit rating of not less than (Baa3) by Moody's or an investment grade by Fitch and S&P of a minimum of BBB only Shari'a compliant investment funds listed on Tadawul, and Shares of Shari'a compliant real estate companies listed on Tadawul	Up to 25% of the Fund's Total Asset Value.
Investments outside Saudi Arabia	The maximum percentage of investing outside Saudi Arabia, specifically in the GCC, will be 25%.
Investment in white lands	The Fund will not invest in white lands.

F - Following is a summary of the target rental returns of the Fund's properties

Year		2018	2019	2020	2021
Commercial Mall in Riyadh*	Net Operating Income (SAR million)	40.8	42.0	43.3	44.6
	Return on the Property's Purchase Price (%)	6.1%	6.3%	6.5%	6.7%
	Ratio of Net Income to Total Income of the Properties (%)	42%	43%	43%	44%

Commercial and Office Building in Jeddah**	Net Operating Income (SAR million)	4.1	4.1	4.1	4.1
	Return on the Property's Purchase Price (%)	9.0%	9.0%	9.0%	9.0%
	Ratio of Net Income to Total Income of the Properties (%)	4%	4%	4%	4%
Drnef Ajyad**	Net Operating Income (SAR million)	10.0	10.0	10.0	10.0
	Return on the Property's Purchase Price (%)	8.1%	8.1%	8.1%	8.1%
	Ratio of Net Income to Total Income of the Properties (%)	10%	10%	10%	10%
Drnef Kudai**	Net Operating Income (SAR million)	5.0	5.0	5.0	5.0
	Return on the Property's Purchase Price (%)	8.8%	8.8%	8.8%	8.8%
	Ratio of Net Income to Total Income of the Properties (%)	5%	5%	5%	5%
Plaza 1*	Net Operating Income (SAR million)	12.6	12.8	13.2	13.6
	Internal Rate of Return (IRR) (%)	10.6%	10.6%	10.6%	10.6%
	Ratio of Net Income to Total Income of the Properties (%)	13%	13%	13%	13%
Plaza 2** It is no longer owned by the fund	Net Operating Income (SAR million)	9.0	9.0	9.0	9.0
	Internal Rate of Return (IRR) (%)	10.3%	10.3%	10.3%	10.3%
	Ratio of Net Income to Total Income of the Properties (%)	9%	9%	9%	9%
Al Diyafa**	Net Operating Income (SAR million)	9.9	10.2	10.5	10.8
	Internal Rate of Return (IRR) (%)	10.1%	10.1%	10.1%	10.1%
	Ratio of Net Income to Total Income of the Properties (%)	10%	10%	10%	11%
The Pad**	Net Operating Income (SAR million)	6.6	5.3	5.3	5.3
	Return on the Property's Purchase Price (%)	9.8%	7.8%	7.8%	7.8%
	Ratio of Net Income to Total Income of the Properties (%)	7%	5%	5%	5%
Total Value of the Acquired Assets		1,199			
Total Net Operating Income (Net Value of Rents) (SAR Million)		98.0	98.4	100.4	102.4
Total Return On Acquired Assets %		8.18%	8.21%	8.38%	8.54%
Fund Size (SAR Million)		1,230			
Fund's Total Target Return %		7.97%	8.01%	8.16%	8.33%
Fund Expenses (SAR Million)%		5.8	5.7	5.7	5.7
Ratio of Total Fund Expenses to Total Fund Size %		0.47%	0.46%	0.46%	0.46%
Fund's Net Income (SAR Million)		92.2	92.8	94.7	96.8
Net Return on Acquired Assets %		7.7%	7.7%	7.9%	8.1%
Net Return on Total Fund Size		7.50%	7.54%	7.70%	7.87%

The Net Operating Income is the net rental value which is collected from all the lessees each operating year, after deducting all the operating costs, operating fees and taxes, including the VAT, any fees and other amounts which may affect the calculation of the net rental value.
* Operation will be carried out by a project manager.
** Single-lessee lease contract.
All target returns are based on an equity capital of SAR 1,230 million, assuming that no loans will be obtained.

Year	Target Net Operating Income (Net Value of Rents) (SAR Million)											Total Return on the Value of Acquired Assets	Net Return on Acquired Assets %	Net Return on Total Fund Size %
	Commercial Mall in Riyadh	Commercial and Office Building in Jeddah	Drnef Ajyad	Drnef Kudai	Plaza 1	Plaza 2 It is no longer owned by the f	Al Diyafa	The Pad	Total Net Rent Value	Fund Expenses	Fund's Net Income			
2018	40.8	4.1	10.0	5.0	12.6	9.0	9.9	6.6	98.0	5.8	92.2	8.18%	7.69%	7.50%
2019	42.0	4.1	10.0	5.0	12.8	9.0	10.2	5.3	98.4	5.7	92.8	8.21%	7.74%	7.54%
2020	43.3	4.1	10.0	5.0	13.2	9.0	10.5	5.3	100.4	5.7	94.7	8.38%	7.90%	7.70%
2021	44.6	4.1	10.0	5.0	13.6	9.0	10.8	5.3	102.4	5.7	96.8	8.54%	8.07%	7.87%

All target returns are based on an equity capital of SAR 1,230 million, assuming that no loans will be obtained.

g - Financing Powers

The Fund Manager may, on behalf of the Fund, obtain Shari'a compliant financing following obtaining the approval of the Fund Board and the Shari'a Committee, provided the percentage of the financing obtained does not exceed 50% of the Fund's Total Asset Value as per the latest audited financial statements. The actual percentage of financing depends upon (a) considerations related to the arrangement of the financing obtained, and (b) prevailing market conditions.

Prior to listing the Fund on the Saudi Stock Exchange (Tadawul), the Fund Manager will enter into negotiations with banks to obtain credit facilities in order to provide cash as necessary to complete the acquisitions of the assets.

h - Methods and Ways to Invest the Cash Available in the Fund

The Fund may invest the available cash amounts in Murabaha transactions and other short term Shari'a compliant investments, provided the percentage of these investments does not exceed 25% of the Fund's Total Asset Value as per the latest audited financial statements. Such investments may be made with the Fund Manager or any bank regulated by the Saudi Arabian Monetary Authority, or with publicly offered investment funds licensed by the CMA and managed by the Fund Manager or any other investment fund manager. Such funds shall include

each of the money market funds, trading funds, income generating real estate funds and real estate investment traded funds (REITs).

i - Use of the Offering Proceeds

Item	SAR million
Total cost of purchase of the properties	1,198.6
Brokerage fees *	16.2
Transaction fees payable to the Fund Manager	12.0
Initial fees for listing and registering the Fund Units on Tadawul	0.2
Cash at hand **	3.1
Total Value of the Fund	**1,230.0**

* The brokerage fees related to the land of "Commercial Mall, Riyadh", Drnef Ajyad property, Drnef Kuddai property and The Pad, to be paid to brokers, without any part of the brokerage fees paid to the Fund.

** Will be used to protect the Unitholders from any expenses or requirements which may be needed by the Fund in the future, in addition to improving the Fund's returns by introducing some improvements to the existing properties, which may contribute to increasing rental income. If not used, the Fund Manager will invest them in money market funds.

j - Following are the details of the owners of the existing real estate investment funds managed by MEFIC Capital, the assets of which will be fully or partially transferred to MEFIC REIT Fund:

Fund	Fund Performance	Unitholders	Detail of the transfer of all or part of the Fund's assets to MEFIC REIT Fund
MEFIC Souq Sharq Fund	Inception Date: 25 December 2014 Distributions: The Fund distributed annual cash dividends of 13% in 2017	- Private Portfolio II - Higher Education Fund - Jisr Real Estate Development Company	• MEFIC REIT will acquire the leasehold of the Commercial Mall in Riyadh, which is owned by MEFIC Souq Sharq Fund
Qannas Fund	Inception Date: January 2014 Distributions: The Fund distributed aggregate cash dividends of 21% since its inception	- Private Portfolio II - Mohammed Abdulrahman Al-Mdaimeegh - Fahad Nasser Al-Dossari - Alrokn Almateen Company - Awad Omar Baghlaf - Ibrahim Abdulrahman Al-Mdaimeegh - Jawaher Othman Alabd Aljabbar - Sara Abdulrahman Al-Mdaimeegh - Others (less than 5%)	• MEFIC REIT will acquire the leasehold of the building of Plaza 1, which is owned by MEFIC Qannas Fund • MEFIC REIT will acquire the leasehold of Al Diyafa Building, which is owned by MEFIC Qannas Fund
Qannas Fund II	Inception Date: September 2016	- Private Portfolio II - MEFIC Capital - Private Portfolio III - Others (less than 5%)	• MEFIC REIT will acquire the leasehold of the building of Plaza 2, which is

	Distributions: The Fund distributed annual cash dividends of 7% in 2017		owned by Qannas Fund II • MEFIC REIT will acquire the Commercial and Office Building in Jeddah, which is owned by Qannas Fund II

Following are the details of the Unitholders of MEFIC Souq Sharq Fund, Qannas Fund and Qannas Fund II

MEFIC Souq Sharq Fund Unitholders holding more than 5%			
#	Name of the Unitholder	Percentage Holding in MEFIC Souq Sharq Fund	Percentage Holding in MEFIC REIT Fund
1	Private Portfolio II*	41.67%	0%
2	Higher Education Fund*	38.89%	0%
3	Jisr Real Estate Development Company	19.44%	0%
Total		100%	0%

*All MEFIC Souq Sharq Unitholders will exit the Fund

Qannas Fund I Unitholders holding more than 5%			
#	Name of the Unitholder	Percentage Holding in Qannas Fund I	Percentage Holding in MEFIC REIT Fund
1	Private Portfolio II*	%23.65	0%
2	Mohammed Abdulrahman Al-Mdaimeegh	%16.86	1.7%
3	Fahad Nasser Al-Dossari	%14.05	1.4%
4	Alrokn Almateen Company	%8.52	0.8%
5	Awad Omar Baghlaf	%8.03	0.8%
6	Ibrahim Abdulrahman Al-Mdaimeegh	% 6.75	0.7%
7	Jawaher Othman Alabd Aljabbar	%5.96	0.6%
8	Sara Abdulrahman Al-Mdaimeegh	%5.11	0.5%
9	Others	%11.07	1.14%
Total *Unitholders who will exit the Fund		100%	7.6%

MEFIC Qannas Fund II Unitholders holding more than 5%

#	Name of the Unitholder	Percentage Holding in Qannas Fund II	Percentage Holding in MEFIC REIT Fund
1	Private Portfolio II*	47.64%	0%
2	MEFIC Capital*	13.39%	0%
3	Private Portfolio III*	12.89%	0%
4	Others	26.08%	4.3%
Total *Unitholders who will exit the Fund		100%	4.3%

Concerning MEFIC REIT Fund Holders, we hereby acknowledge that all the Shareholders (during IPO), including the holders of in-kind shares, will be Saudi nationals. There will be no foreign investors.
(The foregoing is related to the subscription when the fund is launched) In the event that the system changes and allows non-Saudis to own directly or indirectly the real estate of Makkah, the system of non-Saudi ownership of the fund's real estate must be taken into account for the traders on the fund's units.

With regard to existing investors, we clarify that without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, subscription in the Fund is open to any Saudi, GCC citizens, non- Saudi residents or foreigners non-residents in the Kingdom

Active Management

The Fund relies on the Real Estate Investments Management Division of the Fund Manager and on external advisors to regularly assess the most attractive sectors in the real estate investment market. The Fund Manager will continuously follow up the patterns and cycles of the real estate investment market. The assets of the Fund will be managed by an experienced team of professionals specialized in real estate investments. The team will continuously monitor the patterns and cycles of the real estate investment market, as well as the market fundamentals and sector characteristics, to capitalize on the opportunities available in the real estate market and maintain the Fund's long-term objectives. Moreover, the Fund Manager intends to appoint experienced property managers to manage the Fund's properties. Such property managers may also be lessees of the properties owned by the Fund.

Investment Decision Making Process

In pursuing new opportunities in the local and GCC real estate market, the Fund Manager will adopt a sound investment process to identify opportunities and efficiently execute transactions in accordance with the detailed internal policy prepared by the Fund Manager's investment team. Among the various selective approaches adopted by the Fund Manager, the Fund Manager will consider each property independently and separately, taking into account the attractiveness of the property's location, competitive advantages, liquidity levels in the secondary market, vacancy ratios, macroeconomic trends and other factors, in order to reach a decision concerning investing in a certain property. The Fund Manager will also evaluate the

Fund's added value upon acquiring any new properties. The Fund Manager may rely on third party advisory services for the purpose of reaching an investment decision.

Below are the steps for executing acquisitions:

- Valuate the property selected by the real estate funds management team, which is in line with the Fund's objectives.
- Appoint two independent valuers licensed by the Saudi Authority for Accredited Valuers (TAQEEM) to obtain a valuation of the property.
- Appoint a technical evaluator to carry out the technical due diligence.
- Obtain the approval of the Fund Board and the Shari'a Committee on the property subject of the acquisition.
- Submit the offer to purchase to the owner after obtaining the approval of the Fund Board
- Disclose to the CMA and Unitholders in the event the underlying property to be acquired equals or exceeds 10% of the Fund's Total Asset Value as per the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- Obtain the approval of the CMA and Unitholders in the event the property is acquired by increasing the Fund's capital.
- Own the property in favour of the Fund and register its title in the name of the special purpose company established by the Custodian.

Disposal of the Properties and Exit Policy

The Fund's primary objective is to generate to Unitholders periodic income, which requires holding the ownership of attractive assets for a certain period of time. The Fund Manager will continually monitor the market to take advantage of any opportunities to exit from one or more of its investments, if this is deemed in the best interest of the Unitholders, so as to be able to source other investments with better returns. Exit rationale includes, without limitation, (a) the rebalance of the Fund's assets to include new attractive assets, (b) changes in the fundamentals of the existing real estate asset, or (c) negative outlooks and views on the real estate market and its sub-sectors which may affect the Fund's real estate assets.

The Fund intends to generally hold the ownership of the properties over the long term. However, the Fund Manager will regularly valuate every asset owned by the Fund and propose strategies in respect thereof, including the decisions to dispose of the property over the short and long term if such decisions are deemed to be in the best interest of the Fund and Unitholders.

The Fund Manager will obtain a valuation for any property proposed to be sold or disposed of by the Fund, by two independent valuers licensed by the Saudi Authority for Accredited Valuers (TAQEEM). The purchase price for any sale or disposition shall not be less than the lower of the two valuations.

Ownership Structure

The Fund has appointed the Custodian to take custody of the Fund's assets. The ownership of the assets will be registered in the name of one or more SPV(s) established by the Custodian in order to segregate the Fund's assets from the assets of the Custodian.

The Fund may obtain financing facilities from one or more financial institution(s). In this case, the assets of the Fund may be pledged to the financier in accordance with the terms and conditions of the financing documentation.

Compliance with Laws

The Fund and its investments shall at all times comply with the regulations and laws governing the ownership of property in the Kingdom of Saudi Arabia, including the Law of Real Estate Ownership and Investment by Non-Saudis.

10. Risks of Investing in the Fund

Investment in the Fund involves multiple risks, and is suitable only for investors who fully understand, and are capable of bearing, the risks of such an investment, particularly the risks of the real estate investment. Potential investors shall carefully evaluate the considerations set out below, among others, upon making their decision. There can be additional risks and uncertainties not presently known to the Fund Manager, or currently deemed by the Fund Manager as immaterial, while they may have an adverse impact on the Fund and its activities. There is no assurance that the Fund will be able to achieve its investment objective or that investors will receive a return on their capital (other than what is stated in this draft concerning the mandatory donation of the differences of distributions, if they drop below than targeted).

An investment in the Fund does not entail any guarantee that such investment will be profitable or that an investor will not incur any losses. As such, each prospective investor shall take into account each of the below mentioned risk factors prior to purchasing Units in the Fund. Each investor bears full responsibility for any financial loss resulting from an investment in the Fund, unless such loss is due to the fraud, gross negligence or misconduct of the Fund Manager, as per the Real Estate Investment Funds Regulations.

1. Main Risks of Investing in the Fund

Risks of Non-Assured Returns on Investment (other than what is stated in this draft concerning the mandatory donation of the differences of distributions, if they drop below than targeted)

(Other than what is stated in this draft concerning the Fund Manager's mandatory donation of the differences of distributions, if they drop below than targeted) There is no assurance that the Fund will succeed in generating returns to investors or that returns will be in line with the risks of investing in the Fund and the nature of transactions contained in these Terms and Conditions. The value of Units may decrease, and investors may loose part or all of their invested capital. All the figures and statistics shown in these Terms and Conditions are for the purpose of explanation only, and do not represent any profit projections. Actual returns which may differ from the statistics contained in these Terms and Conditions, may not be projected, which may adversely affect the Unit trading price or the return on investment.

Risks of Limited Operating History

The Fund has no operating history based on which potential investors may evaluate the performance of the Fund and its track record of success. Although the Fund Manager has an extensive experience in managing real estate funds, the Fund Manager has limited experience in managing real estate investment traded funds, as their legislations have been only recently drafted in the Kingdom, and the nature of the Fund's future investments, as well as the nature of

the risks associated therewith, may differ substantially from those investments and strategies undertaken historically by the Fund Manager. Past results achieved by the Fund Manager are not necessarily indicative of the future performance. Therefore, the novelty of the 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, which may adversely affect the Unit trading price or the return on investment.

Risks of Non-Compliance with Applicable Regulations

The Fund may cease to qualify as a real estate investment traded fund under the Real Estate Investment Traded Funds Instructions, which would have adverse consequences on the liquidity of trading their Units, and may in return adversely affect the value of their investment. Requirements for maintaining the Fund's status as a real estate investment traded fund, have not been tested. In addition, these requirements for maintaining the Fund's status as a real estate investment traded fund may be changed later. Potential investors should note that there is no guarantee that the Fund will, following its election to become a real estate investment traded fund, continue to be a real estate investment traded fund or continue to maintain such status (whether by reason of failure to satisfy regulatory requirements or otherwise). In the event the Fund fails to meet any of the regulatory requirements necessary to maintain its status, the CMA may suspend the trading of Units or cancel the Fund's listing. The inability to list the Fund on the Saudi Stock Exchange (Tadawul) could adversely impact the marketability, liquidity and value of the Units, which may adversely affect the Unit trading price or the return on investment.

Risks of Non-Availability of Market Liquidity

The Fund intends to apply for admission of the Units to trading on the Saudi Stock Exchange (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 following admission. If a liquid trading market is not developed or maintained, 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 respect of the Units may have a significant negative impact on the market value of the Units, whilst actual transactions or intended transactions in respect of a significant number of Units may be difficult to be executed at a stable price. The limited number of Units and/or Unitholders may indicate that there is a limited liquidity in such Units, which may adversely affect the following: (i) an investor's ability to realize returns on part or all of its investment, (ii) the price at which such investor can realize such returns and/or (iii) the price at which the Units are traded in the secondary market. Moreover, a substantial proportion of the Units may be issued to a limited number of investors, which could adversely affect the development of an active liquid market for the Units. In addition, although the Units will be tradable, the liquidity of the market in respect of the tradable units of real estate investment traded funds may be less than that of the market of the shares of listed companies, which may adversely affect the Unit trading price or the return on investment.

Risks of Substantial Sales of Units

Sales by the Unitholders of a substantial number of Units may significantly reduce the Unit's trading price. Any rumors on the performance of the Fund may drive Unitholders to sell their Units, thus adversely affecting the Unit price.

Risks of Price Changes

There are several factors that may adversely affect the market price of the Units, including the general movement in the local and global capital markets and the real estate markets, prevailing and anticipated economic conditions, interest rates, financing costs, investor sentiment and general economic conditions. The market for the Units may fluctuate, and a lack of liquidity can have an adverse effect on the market value of the Units. Accordingly, the purchase of such Units is only suitable for investors who can bear the risks associated with such investments, which may adversely affect the Unit trading price or the return on investment.

Risks of Changes in Interest Rates and General Economic Conditions

Changes in economic conditions, including interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and tax laws, can materially and adversely affect the activities and prospects of the Fund. In particular, any increase in the interest rates may cause investors to demand higher returns to compensate for the increase in the cost of money and the alternative opportunity cost. As a result, the attractiveness of the Units as an investment opportunity may be reduced and subsequently their demand decreases, which may negatively affect the market price of the Units. Whereas the Fund may seek financing, any increase in the interest rates in debt markets may impact the Fund's financing terms. Changes in interest rates may also impact valuations in the real estate sector generally, which may adversely affect the Unit trading price or the return on investment.

Risks of Trading at a Price Lower than the Market Value

The Units may be traded at a price lower than the Initial Offering Price upon subscription, and Unitholders may not retrieve the full value of their investment. The Units may be traded at a discount for a variety of reasons, including the adverse market conditions, weak projections by investors on the feasibility of the Fund's strategy and investment policy, and any increase in the supply of Units vs demand, which may adversely affect the Unit trading price or the return on investment.

Risks of Fluctuation in Distributions

Although the Fund is required under the Real Estate Investment Traded Funds Instructions to distribute annually at least 90% of its net income to Unitholders, with the exception of the capital gains resulting from the sale of the assets, there are no guarantees regarding the amounts of any future distributions (other than what is stated in this draft concerning the mandatory donation of the differences of distributions, if they drop below than targeted). The Fund may be unable to make any distribution due to unforeseeable events resulting in an increase in costs (including capital expenditures in the case of large-scale urgent costly renovation works) or a decrease in revenues (such as in the case of decreased rental revenue collection levels). The Fund's inability to make annual distributions to Unitholders may expose the Fund to certain liabilities that would further weaken its financial performance. The Fund may also be prevented from making any distributions by its financiers, pursuant to the relevant financing documentation, who may in certain circumstances (for example following the occurrence of a default under the financing documentation) have the right to take control of the cash flows of the Fund and use those cash flows to pay down the amounts outstanding under the financing documentation. Any interruption or decrease in the amounts of distributions to Unitholders, may cause the value and trading price of the Fund Units to fall, which may adversely affect the Unit trading price or the return on investment.

Risks of Increase in the Ratio of Management Fees to Fund Income

The Fund pays 0.35% of its Net Asset Value as Management Fees, while the Fund's rental income is fixed for a long period of time. The value of the Fund's assets is expected to change from time to time, and may therefore result in a decrease or increase in the Management Fees paid to the Fund Manager. In the event of an increase, the Management Fees will increase as a percentage of the annual fixed income, which may adversely affect the Fund Units' periodic returns.

Risks of Substantial Sales of Units

Subsequent sales by the Unitholders of a substantial number of Units may significantly reduce the Unit's market price. Any sales of a substantial number of Units in the public market, or the perception that such sales will occur, could adversely and significantly affect the value and trading price of the Units, which may adversely affect the Unit trading price or the return on investment.

Risks of Reflection of Underlying Value

The traded market price of the Units may not reflect the value of the initial investments of the Fund. Stock exchanges may experience extreme price and volume volatility from time to time, and this, in addition to economic, political and other conditions, may adversely affect the value and trading price of the Units. As the Fund is closed ended public real estate investment traded fund, the price of the Unit may be influenced by a number of factors, many of which are beyond the Fund's control, while some are related to the Fund and its operations. Some of these factors affect investment in real estate property or equity markets in general, which may adversely affect the Unit trading price or the return on investment.

Risks of Valuation of Fund NAV

The Fund's Net Asset Value shall be determined at least once every six months, however, the value of the initial investments of the Fund may change in the time period falling between valuations. Accordingly, the market price of the Units may be determined based on historical information which may not reflect the current value of the initial investments of the Fund. Moreover, all the Fund Manager's due and payable fees are not adjusted until the next valuation. As such, the Unitholder will not be aware of the Fund's updated asset value during such period, and may dispose of the Units of the Fund in a way that may negatively affect its returns and the value of its investment.

Risks of Limitations on Raising Funds for Additional Acquisitions

Distribution requirements and financing restrictions under the Real Estate Investment Traded Funds Instructions may limit the Fund's flexibility and ability to achieve growth through acquisitions. The Fund intends to distribute to Unitholders at least 90% of its net profits, with the exception of any profits resulting from the sale of the initial real estate assets and other investments, which may be reinvested in additional assets or in the maintenance and renovation of the Fund's existing assets. Furthermore, in order to maintain the Fund's status as a real estate investment traded fund, the Fund's leverage must not exceed 50% of the Total Asset Value of the Fund. As a result, the Fund has a limited ability to make improvements to its property or achieve growth through the acquisition of additional assets, which may thus affect the profitability of the Fund. It should be noted that the Fund may increase its capital by offering

a rights issue in accordance with the Regulations of the CMA and the relevant Saudi Arabian Companies Law.

Adherence to Shari'a Restrictions

The Fund's investments must be made in accordance with the Shari'a Guidelines as specified by the Shari'a Committee . These Guidelines apply to the structure of the investments and, to a certain extent, to the activities of the Fund and the diversification of its investments. In order to comply with such Guidelines, the Fund may be forced to divest an investment or part thereof, or give up part of its income, if the investment or the structure of that investment violates the Shari'a Guidelines. Additionally, in complying with the Shari'a Guidelines, the Fund may lose investment opportunities, if a proposed investment is ultimately determined by the Shari'a Committee not to adhere to the Shari'a Guidelines, and thus cannot be considered by the Fund. These factors may, under certain circumstances, have an 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 investment Shari'ah Guidelines.

Risks of Incorrect Forecasts and Changes in Market Conditions

The future performance of the Fund largely depends on the changes in the supply and demand levels in the relevant real estate sector, which may be affected by regional and local economic and political conditions, increased competition resulting in a decline in the value of the real estate property and a potential limited availability of housing loans or an increase in mortgage rates, as well as changes in the supply and demand levels. As such, the incorrect forecasts used by the Fund Manager to make investment decisions may have an adverse impact on the Fund.

Non-Participation in Management

Except as mentioned in these Terms and Conditions, investors shall have no right or power to participate in the management of the Fund or to influence any of the Fund's investment decisions. All management responsibilities shall be entrusted to the Fund Manager, as these decisions affect the Fund's activities and accordingly the Unitholders.

Dependence on Key Personnel

The Fund's success principally depends on the success of its management team. The loss of the services of any of the members of the Fund's management team in general (whether such loss is through resignation or otherwise), or the inability to attract and retain additional personnel, could affect the Fund's business and prospects. The lack of a successful team to manage the Fund may negatively affect the ability to develop the Fund's properties and assets and the ability to negotiate in the best interest of the Fund, which may affect the Fund's returns and the value of its investment Units.

Risks of the Nature of Investment

Investment in the Fund requires a commitment as explained in these Terms and Conditions, with no guarantees in respect of generating returns on the invested capital. There will be no assurance that the Fund will be able to generate positive returns on its investments on time or at any time (other than what is stated in this draft concerning the mandatory donation of the differences of distributions, if they drop below than targeted). There could be no possibility to

sell its assets or dispose of them, and in case it is decided to dispose of them by sale, there could be no possibility to sell them at a price that is believed by the Fund Manager to represent their fair value, or to sell them within the timeframe required by the Fund.

Based on the foregoing, the Fund may not be able at all to generate any return on its assets.

Risks of Potential Conflict of Interest

The Fund may experience different events of conflict of interest, since the Fund Manager and its subsidiaries and their respective directors, managers and employees, may be participating in real estate activities and other commercial activities, whether directly or indirectly. In this respect, the Fund Manager may from time to time deal with persons, companies, institutions or firms which are affiliated with the Fund Manager's subsidiaries to facilitate investment opportunities. Entities to which the Fund Board has entrusted certain responsibilities (including the Fund Manager) are not required to dedicate all their resources to the Fund. In case any of these entities dedicated its responsibilities or resources to other third parties, this might restrict its ability to dedicate its resources and responsibilities to the Fund, which may affect the Fund's ability to achieve its objectives in terms of increasing revenues and accomplish a better market value in respect of its Units.

Risks of Uneven Flow of Information

The Fund will issue 28.5% of its Units to the property owners against their in-kind contributions to the Fund’s capital. This group also represents the true owners of the seller companies and property management companies, and as such risks arise in relation to the flow of material information to such group of property owners or property managers, of which the Fund Manager may not be aware or may not realize that they are material. In addition, they may be able to interpret information on time, while other investors may not have such ability.

Risks of Investing outside the Kingdom

International investment – outside the Kingdom – involves many risks, including the risks of the currency exchange rate, political and economic instability, higher costs to the investor and information security. The Fund Manager will seek to enter into investments with regulatory and supervisory requirements that are at least similar to those applied in the Kingdom. However, in the event of occurrence of any of the foregoing, the Fund’s profits and/or valuation of its assets may be affected, and this may adversely affect the price of its Units.

Currency Exchange Rate Risks

The Fund’s functional currency is the Saudi Riyal. However, the Fund may acquire real estate property, enter into investments or pay any fees or costs in a currency other than the Saudi Riyal. Therefore, any change in the exchange rates of such currencies may increase the costs borne by the Fund and as such adversely affect the prices of the Fund’s Units. Moreover, Unitholders with a functional currency other than the Saudi Riyal, are exposed to exchange rate fluctuations.

Technology Risks

The Fund Manager relies on using technology in the management of the Fund. However, its information systems may be exposed to hacking, virus attacks or partial or total breakdown, thus limiting the ability of the Fund Manager to effectively manage the Fund's investments, which may adversely affect the Fund's performance, and accordingly the Fund Unitholders.

Risks of Insolvency of the Fund Manager

Whereas the Fund Manager has committed itself out of its own free will, in the event the Fund's return drops below 5%, to donate not more than 2% of the return of MEFIC's own assets to the Unitholders investing in the Offering, in respect of the Units unsold since the commencement of the Offering. As such, in the event the Fund Manager goes insolvent, it will not be able to make this mandatory donation of the differences of the return if it drops beyond what is targeted.

This includes the Fund Manager's inability to fulfil its obligations for one or more years, as well as the risks of declaring the Fund Manager bankrupt.

Moreover, there are risks of early termination of the Fund, and as such the investors may not enjoy the advantage of receiving the donation of the differences of the return.

2. <u>Factors of Risks Related to Fund Assets</u>

Risks of Acquisition of Initial Real Estate Assets

The Fund targets to complete acquisition of the Initial Real Estate Assets within 60 Business Days from the Closing Date. Although the purchase agreements are legally binding, if either party to the purchase agreements fails to perform its obligations thereby, the acquisition process may not occur within 60 days from the Closing Date or may not occur at all. In such case, the Fund will need to identify and complete acquisitions of other assets before it could start making dividends to Unitholders. While the Fund Manager expects that the Fund will continue to provide the target returns to investors over the long term, the expected periodic returns to investors may decrease due to the lack of income generating assets at the time.

Risks of Real Estate Investments

Investing in Fund Units is exposed to certain risks related to the ownership of the real estate assets and the real estate sector in general. The value of the Fund's investments may be adversely affected by a number of factors, including a decline in the value of the real estate property, inability to liquidate the investment, risks related to domestic economic conditions, natural disasters, environmental liability, higher financing costs, financial positions of the lessees, increase of taxation imposed on the real estate property, changes in the zoning laws and increased competition.

Risks of Availability of Appropriate Investments

Some of the investments of the Fund, as at the date of issue hereof, are selected by the Fund Manager, and as such the Unitholders will not have an opportunity to evaluate the economic, financial or other factors related to future investments. There can be no assurance that the Fund Manager will be able, upon acquisition of the Initial Real Estate Assets, to identify investments

that meet the Fund's investment objectives, particularly in the current market environment. Identifying and structuring the suitable investments for the Fund is somehow complicated and involves a high degree of uncertainty. The inability of the Fund, through the Fund Manager, to identify the suitable investments may adversely affect the ability to achieve the desired growth in the market value of the Units.

Risks of Third Party Default in Respect of the Initial Real Estate Assets

The Initial Real Estate Assets are leased to several lessees. As such, the Fund will have material exposure to risks in the event the lessee fails to fulfil its obligations. If the lessee is in default of settlement of its due and payable payments in respect of one or more properties that comprise the Initial Real Estate Assets, this may limit the Fund Manager's ability to re-lease the property or lease it under satisfactory lease terms, which would reduce the rental revenues generated from the property. Furthermore, the Fund may be obliged to carry out significant renovation works in respect of the properties for the purpose of attracting future new tenants on the best possible terms, which may temporarily affect the returns distributed to Unitholders.

Risks of Counterparty Default and Credit Risks

The Fund may be exposed to credit risks related to the parties with whom the Fund conducts business, and may also bear the risk of settlement of the default. The Fund may, in certain circumstances, also be subject to the risks of default of a counterparty, including the landowners, property managers, lending banks, and/or contractors. Default by a third party counterparty in the payment of any contractual dues to the Fund could reduce the income of the Fund, and ultimately affect the returns to Unitholders.

Risks of Unspecified Use of Returns

As set out as at the date of issue of these Terms and Conditions, and with the exception of the Initial Real Estate Assets, the investments of the Fund which are intended to be made after the Listing Date have not been yet selected by the Fund Manager. Investors in the Fund will not have any opportunity to evaluate the relevant economic, financial and other information related to the investments.

Risks of Fluctuations in the Value of the Real Estate Property and Real Estate Risks

Investments will be subject to risks related to the ownership, leasing, operational development, and/or re-development of the real estate properties. These risks include, without limitation, those associated with the general local economic environment, domestic real estate conditions, changes in the supply and demand levels in respect of the real estate properties, energy supply shortages, various uninsured or uninsurable risks, natural disasters, government regulations and resolutions (including, without limitation, rent control), changes in real estate property taxes, changes in return rates and availability of housing loans which may render the sale or refinancing of the properties difficult or impracticable, in addition to the environmental liabilities, contingent liabilities related to the disposition of assets, wars and other factors which are beyond the control of the Fund Manager.

Whereas the real estate market has historically experienced significant fluctuations, there is a possibility that the Fund will acquire properties during the period of recovery of the real estate

market, where the risk is alleviated here, before the occurrence of any subsequent deterioration which could affect the market value of the Fund's investments. There is no assurance that there will be a ready market for the resale of the investments because the investments will generally not be liquid.

In addition, the adverse changes in the operation of any properties or in the financial position of any lessee, could have an adverse effect on the rental payments received by the Fund and, accordingly, on the Fund's ability to make dividend distributions to investors. A lessee may experience from time to time a downturn in its business, which may weaken its financial position and result in its failure to settle the rental payments when they become due. At any time, a lessee may seek the protection of the applicable bankruptcy or insolvency laws, which could result in the rejection or termination of the lease contract or in other adverse consequences, and thereby cause a reduction in the distributable cash flow of the Fund. No assurance can be given that the lessees will not file for bankruptcy protection in the future or, if they do, that their leases will continue to be valid.

Risks of Concentration on the Real Estate Sector

The Fund may invest in assets which are concentrated in one particular sector, such as the residential, commercial, office and/or warehousing real estate sectors. If the Fund concentrates its investments in one sector, this may expose the Fund to the risk of economic downturns to a greater extent than if the Fund's investment assets also include several assets in other sectors. As a result, such downturns could have a material adverse effect on the Fund's financial position, results of operations, cash flows, and ability to make dividend distributions to investors.

Risks of Geography Concentration

Given that the Fund concentrates its investments in limited geographic locations, this could expose the Fund to risks of economic downturns to a greater extent than if the Fund includes properties distributed across diversified geographic locations. As a result, any economic downturn in the cities of Riyadh and Jeddah or any other region in which the Fund invests, could have a material adverse effect on the Fund's financial position, results of operations, cash flows, and ability to make distributions to investors.

Risks of Property Expropriation

Government authorities in the Kingdom are entitled to expropriate any property if deemed in the public interest (for example without limitation, the construction of highways and public facilities). In practice, the purchase price of a property is usually equal to the market value. In case of expropriation, the property will be compulsorily acquired after a period of notification that is not specified by law, given that its adoption shall be made pursuant to a specific law. Although compensation may be paid, there is a risk that the level of compensation would not be sufficient in comparison to the size of the investment, the loss of profit, or the increase in the value of the investment. If the risk of expropriation materializes, the value of distributions to Unitholders, as well as the value and trading price of the Units, may fall, and Unitholders may lose all or part of the invested capital.

Risks of the Commercial Real Estate Market

The Fund may acquire only commercial real estate assets, and if the Fund is dependent on the income streams derived from them, the Fund may become exposed to any downturn occurring

in such market. The commercial real estate market is cyclical in nature and is affected by the economic condition in general. Deteriorating economic conditions adversely affect the value and liquidity of the commercial real estate assets. In addition, the negative economic conditions have had, and may continue to have, a material adverse effect on the level, and effective collection, of the rental revenues and the ability of the lessees to make payments which ultimately flow to the Fund. Any decline in the performance of the commercial real estate markets could have a negative impact on the rental levels and returns and the number of unexploited properties, and could as a result have a material adverse effect on the Fund's operations and financial position.

Risks of the Residential Real Estate Market

The Fund may invest in the residential real estate sector. The performance of investments in the residential real estate sector depends heavily on the changes in the supply and demand levels, which are greatly affected by the economic, political, security, regional and local factors, including an increase in the level of competition posed by the other residential properties. The Fund's ability to benefit from a rental income and to maintain the value of the property highly depends on the ability of the Fund's property to compete with other similar properties. If other similar properties are able to attract lessees better than those of the Fund's properties, then this could result in a decrease in the Fund's rental income due to the low demand on the properties of the Fund. The decrease in the net rental income may reduce the value of distributions to Unitholders, and may cause the value and price of the Units to fall.

Risks of Dependence on Rental Revenues

The Fund may acquire investments based on the values derived from the revenues which are expected to be received from the lessees. There can be no assurance that the vacant spaces will be leased or expiring leases will be renewed, or that there will be a rent escalation over time. If a lessee experiences a financial distress, then it may be unable to make timely rental payments or renew its lease contract. Some lessees may occupy significant portions of the relevant investments and, thus, as long as the Fund's investments are concentrated in those assets, the Fund's financial position, results of operations, cash flows, and ability to make dividend distributions to investors could be negatively and substantially affected by any adverse conditions impacting those master lessees.

Risks of Initial Assets Liquidity

Real estate assets are relatively illiquid and, as such, it may be difficult or impossible for the Fund to sell a real estate asset at the desired price at any particular time. The Fund's assets consist of real estate assets. It may be difficult for the Fund to sell its real estate assets (particularly at times of market downturn, and specifically those assets that are classified as large real estate assets), and the proposed price may be subject to a large discount, especially if the Fund is forced to dispose of any of its assets during a short period of time. This may reduce the value of the Units and adversely impact the performance of the Fund.

Risks of Real Estate Development

Taking into consideration that the real estate development projects will not constitute a large percentage of the Fund's assets, however, the real estate development sector in Saudi Arabia faces several risks. The risks of participating in the construction and marketing of a new real estate development project include, without limitation, the following: (i) delays in timely

completion of works; (ii) cost overruns; (iii) the inability to generate lease contracts to forecast levels; and (iv) force majeure resulting from factors beyond the Fund's control, which are specific to the contracting industry (including any adverse weather and environmental conditions impeding the completion of the development and construction works and the lack of building materials in the market), which would hinder the completion of the development projects. The commencement of a new project also involves other risks, such as obtaining the governmental approvals and permits required for the subdivision of lands and occupancy, as well as other required governmental approvals and permits, and the real estate development costs related to projects that are not pursued to completion. The successful completion of such projects will have a direct significant impact on the value of the Units, and any failure to complete a project could reduce distributions to investors and the Net Asset Value of the Fund.

Leverage Risks

The assets of the Fund may be leveraged, which may adversely affect the income earned by the Fund or may result in loosing the principal and, accordingly, the market value of the Units. Increases and decreases in the value of the Fund's real estate assets are magnified when the Fund uses leverage. For example, leverage may cause greater swings in the Fund's Net Asset Value or cause the Fund to lose more than it has invested. The use of leverage creates an opportunity for increased revenues, but at the same time involves a degree of financial risk and may expose the Fund and its investments to other factors, such as increased costs of leverage and economic downturns. Moreover, the assets of the Fund may be pledged to a financier for the sole benefit of the Fund, and such financier may claim the assets upon any event of default (as specified in the financing documentation) by the SPV, the Fund Manager or the Fund itself.

Risks of Certain Dispositions

In connection with the disposition of the Fund's investments, the Fund may be required to make declarations about the business and financial affairs of the investment, typical of those made in connection with the sale of any real estate property, and may also be required to indemnify the purchasers of such investments to the extent that any such declarations are inaccurate. These arrangements may result in contingent liabilities, and the returns to Unitholders may decrease or may be asked to be ultimately funded by the Fund. In addition, the documents governing the Fund stipulates that the Fund will indemnify the Fund Manager and its affiliates, including its officers, directors, partners, employees, shareholders, members and other agents, for certain claims, losses, damages and expenses arising out of its activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to investors.

Risks of Inability to Exit the Fund's Investments under Favorable Terms

The Fund will exit the properties and its other assets at the time the Fund Manager believes is appropriate to sell. The Fund's ability to dispose of the properties based on favorable terms depends on factors beyond its control, including the competition from other sellers and the availability of financing solutions which attract potential buyers. If the Fund is unable to dispose of its assets based on the terms it prefers or at the time when the Fund Manager disposes of the assets, then its financial position, results of operations, cash flows and ability to distribute dividends to Unitholders could be adversely affected.

Risks of Inability of Lessees to fulfill their Lease Obligations

The Fund's results may be adversely affected, if a significant number of the lessees were unable to meet their lease obligations. In addition, if a lessee seeks the protection of the bankruptcy, insolvency or any similar laws, then it may terminate its respective lease contract, which would result in a reduction of the cash flow to the Fund. In the event of a significant number of lease defaults or lessees' bankruptcies, the Fund's cash flow and ability to make distributions to Unitholders would be adversely affected.

Risks of Possible Inability to Renew Leases or Re-lease the Leased Space Upon Expiration of the Lease Term

The Fund will derive most of its income from the rents paid by the lessees of the properties. Accordingly, the Fund's financial position, results of operations, cash flows and ability to distribute dividends to investors could be adversely affected, if the Fund is unable to promptly re-lease the properties or renew the lease contracts, or if the rental value upon renewal or re-lease is significantly lower than expected. In the event a lessee faces a downturn in its business or another kind of financial distress, it may become unable to pay the rental value on time or even renew its lease contract. Furthermore, the Fund's ability to lease the leasable space and the rental value received by it, are impacted not only by tenant demand, but also by the number of other properties competing with the Fund's properties to attract lessees.

Risks of Enforceability of FRI Leases

Some of the Initial Real Estate Assets have been leased under lease agreements broadly equivalent to what is known as "FRI" (full repairing and insuring) leases, whereby the lessee bears all the costs of maintenance, in addition to the services and insurance and payment of taxes and fees directly attributable to the relevant property.

Although the contracts have been approved by the Shari'a Committee of the Fund, however, this does not provide a guarantee that the competent courts in the Kingdom will decide that the provisions of the leases and other related contracts are compliant with Shari'a, and are therefore enforceable in the Kingdom as drafted, particularly in respect of the provisions which give the lessee the responsibility to carry out construction repairs and to pay taxes and fees in relation to the Initial Real Estate Assets. In the event the competent courts decide that this arrangement is not Shari'a compliant, then the expenses payable by the Fund may increase significantly, and that may have a substantial negative impact on the Fund and its financial position and may reduce the distributions to Unitholders, and thus cause the value of the Units to fall.

Risks of the Hospitality Sector

The performance of the Fund will be influenced by factors which affect the hospitality sector in general, where it is possible to acquire hotels to be part of the Fund's real estate assets. These factors may include demand-side factors, such as any economic downturn, any outbreak of diseases and epidemics, the quarantine restrictions, the public health related restrictions, any laws or regulations (including those related to taxes and fees), the disruption of local, national or international transportation services, restrictions, prohibitions or any other similar case, or supply-side factors, such as an oversupply of hotels, either generally or in a particular sector, location or category. The hospitality sector is cyclical. Macroeconomics and other factors may have a negative impact on activities and the personal discretionary spending, leading to low occupancy levels and room rates and affecting the overall value of the real estate property in the hospitality sector. Consequently, the Fund may need to exit the assets for an amount below

the acquisition cost, resulting in a capital loss, and thus may be unable to achieve the target returns.

Risks of the Commercial Real Estate Market

The Fund may acquire only commercial real estate assets, and if the Fund is dependent on the income streams derived from them, the Fund may become exposed to any downturn occurring in such market. The commercial real estate market is cyclical in nature and is affected by the economic condition in general. Adverse economic conditions affect the value and liquidity of the commercial real estate assets. In addition, any decline in the performance of the commercial real estate markets could have a negative impact on the rental levels and returns and the number of vacant properties, and could as a result have a material adverse effect on the Fund's operations and financial position.

Risks of Seasonality and Other Risks Related to the Hospitality Sector

The seasonality of the hospitality sector could generally have a material adverse effect on the Initial Real Estate Assets and any properties to be acquired in the future and used in the hospitality field. The hospitality sector is seasonal in nature, and achieves the highest levels of occupancy generally during leaves and holidays. This seasonality is expected to cause periodic fluctuations in room revenues and rates, occupancy levels and operating expenses. The Fund can give no assurances that the cash flows will be sufficient to offset any shortfalls that may occur as a result of these fluctuations. Consequently, the volatility in the financial performance resulting from the seasonality of the hospitality sector could have a material adverse effect on the Fund's financial position, cash flows and results of operations and, accordingly, on the cash dividend distributions and value of Units. Furthermore, while the Kingdom and the Saudi Commission for Tourism & National Heritage are presently expending enormous efforts to encourage tourism, the negative change in the issuance of work and tourist visas could affect the tourism market in the Kingdom of Saudi Arabia, including the investments of the Fund.

Risks of Uninsured Losses

The Fund will maintain a commercial liability insurance, a property insurance and other types of insurance policies, providing coverage for all the properties owned and managed by the Fund, in types and amounts that are believed to be sufficient and appropriate given the relative risks applicable to the property, and with a suitable cost of coverage, while adopting the good industry practices. Certain losses, such as those resulting from any acts of terrorism, windstorms, floods or seismic activity, may be insured against, subject to certain restrictions, including the restrictions of the insurance policies. Therefore, the Fund may incur material losses in excess of the insurance proceeds, and may become unable to continue to obtain insurance coverage at commercially reasonable rates. If the Fund experiences a loss that is uninsured or that exceeds its coverage limits with respect to the ownership of one or more of the properties, then the Fund could lose the capital invested in the damaged properties, as well as the anticipated future revenues from those properties. Indeed, any such loss is likely to adversely affect the Fund's financial position, results of operations, cash flows and ability to make cash distributions to Unitholders.

Risks of Property Valuation

For the purpose of valuing a certain property included in the Fund's investment portfolio, the Fund Manager will carry out internal valuations in several events concerning the Fund, in

addition to the valuation prepared by the two independent valuers. The valuations performed by the Fund Manager will only be for the purpose of assessing the worthiness of a certain property, and are not a precise measurement of the value that may be obtained upon selling that property. Final verification of the market value of the property depends to a great extent on the negotiations between the seller and the buyer, which could be affected by the economic and other conditions falling beyond the control of the Fund and the Fund Manager, including, without limitation, the market conditions in general. If the Fund decides to liquidate its assets, the realized value may be more or less than the estimated valuation of such assets. During the periods of economic volatilities, in which there is a greater uncertainty as to the estimates of the value and fewer comparable transactions against which the value can be measured, the difference between the estimated value of a certain real estate asset and the final market value of that asset, increases. Furthermore, the relative uncertainty around the cash flows in a distressed market can adversely affect the accuracy of estimates of the property's value, and accordingly on the negotiations between the seller and the buyer and the sale price, and hence the returns to Unitholders.

Risks of Investing in Murabaha Funds, Listed Equities and Other Real Estate Investment Funds

The Fund may invest in SAR Murabaha transactions with local Saudi banks or in the equities of listed Shari'a compliant real estate companies or other Shari'a compliant real estate investment funds. The value of these types of investments may fall, as they are not bank deposits. In addition, there are third party default risks associated with the Murabaha transactions arising from trading activities involving dealing in illiquid financial instruments, the clearance and payments of which are not made with a regulated clearing house or a stock exchange, which may negatively affect cash distributions and the market value of Units.

Risks of Impacts of Government Policies on the Saudi Real Estate Market

The government has recently implemented a tax on the white lands. The tax, known as the "white land tax" provides an incentive to other developers to develop the undeveloped plots of land, but may also result in increased competition in the real estate market. Any future reduction of subsidies on electricity and water in the Kingdom, changes in the expat levies and taxes on expat remittances and the introduction of any new levies on expats and their dependents, may decrease the disposable income and reduce demand on the Fund's properties. Moreover, any increases in the rental cap or value by the government may have an adverse impact on the revenues of the properties and, accordingly, on cash distributions and the market value of the Fund's Units.

Risks of Building Cost Overruns

The Fund Manager may develop certain assets by taking advantage of certain sites unused therein and constructing, adding or developing buildings. Thus, the costs of construction of a real estate project may exceed the specified expectations for various reasons, including, without limitation, the delays caused by industrial disputes, disputes with subcontractors, increased costs of building materials, equipment and labor, bad weather conditions and unforeseen problems and conditions. If possible, the problem of cost overruns will be mitigated by entering the contractors into building contracts with scheduled timeframes for fixed lump sums, provided that such contracts include appropriate provisions in respect of emergencies. Nevertheless, there is no guarantee that these mitigation measures to be taken will be successful in eliminating the risk of incurring huge cost overruns, which may cause losses on investments. In

such events, the dependence on contractors may be limited, and any increase in the costs of construction may reduce the Fund's net income, and hence the percentages of cash distributions available to Unitholders.

Infrastructure Risks

In respect of the properties under development, the Fund will rely on the government and the municipality concerned to provide the necessary infrastructure for the development jobsite, including water, sewerage, electricity and roads. In the event the government and the municipality concerned are unable to complete the infrastructure projects on time or as currently expected, this may undermine the ability of the Fund to complete or operate the properties and adversely affect the performance of the Fund due to the delay in operating the property as planned, and thus resulting in a decrease in the levels of distributions to Unitholders.

Risks of Action Taken by Competitors

The Fund competes with other real estate property owners, operators and developers in Saudi Arabia, some of whom may own properties similar to the properties owned by the Fund within the same area in which the properties are located. If the Fund's competitors rent residential or commercial places similar to the properties owned by the Fund, or sell assets similar to those owned by the Fund for a value equivalent to, or lower than, the Fund's valuation of the comparable assets, the Fund may not succeed in renting the commercial and residential space at suitable prices or under appropriate terms, or may not succeed in renting or selling them at all. As a result, the Fund's costs will increase due to incurring additional expenses to protect and retain the property, and the Fund will not benefit from the loss of income in respect of the property, and hence the levels of distributions to Unitholders with decrease.

The commencement of a new project also involves other risks, such as obtaining the governmental approvals and permits required for the subdivision of lands and occupancy, as well as other required governmental approvals and permits, and the real estate development costs related to projects that are not pursued to completion. The successful completion of such projects will have a direct significant impact on the value of the Units, and any failure to complete a project could affect distributions to investors and the Net Asset Value of the Fund.

Risks of Lack of a Construction Completion Certificate

There are certain assets which do not have a construction completion certificate, such as the properties located in Makkah or the properties which are still in the final stages of development. The Fund Manager acknowledges that it is liable for any damages resulting from the lack of a construction completion certificate.

Risks of Ministry of Labor Recent Resolutions

The Ministry of Labor recently issued resolutions to Saudize many segments of the retail sector. This may adversely affect the performance of certain properties as a result of the closure of some shops which rely totally on expat labor. Therefore, these resolutions may adversely affect the occupancy rates of the leasable areas of properties in these segments, which may in turn adversely affect distributions to investors and the Fund's NAV.

3. Other Risk Factors:

Risks of Legal Status

The Fund is a contractual arrangement between the Unitholders and the Fund Manager. Such contractual arrangement is governed and supervised by the CMA. The Fund does not have its own legal personality, as such the Fund may not be supported by the Saudi official legislators or Saudi courts due to the uncertainty of the Fund's legal entity, which may expose the Fund to losses directly reflecting on the market price of the Fund's Units.

Legal, Regulatory and Tax Risks

The information contained in these Terms and Conditions is based on the existing laws as at the date of issue hereof. Legal, tax, zakat and regulatory or other changes may occur in the Kingdom during the Fund Term, which could have an adverse effect on the Fund, its investments or the Unitholders. Currently, there are no taxes imposed on the investment funds in Saudi Arabia. Nevertheless, there is no guarantee that the current tax regulations in effect in the Kingdom will not change. Investment in the Fund involves risks of imposing the Value Added Tax, which may directly or indirectly affect the Fund's returns by reducing the cash available for the Fund's operations and the potential distributions to Unitholders. Unitholders shall consult their own tax advisors in respect of holding Units in the Fund and any resulting tax risks.

Tax Risks

Investment in the Fund involves various tax risks which are not clearly known at present. The Fund's exposure to tax payments results in reducing the cash available for the Fund's operations and the potential distributions to investors. Taxes incurred by investors will reduce the returns associated with investment in the Fund. Potential investors should consult their tax advisors about the taxes to be incurred in respect of investing, holding, and selling Units.

Risks of Value Added Tax (VAT)

As at the date of issue of these Terms and Conditions, investment in the Fund is not subject to any income tax, withholding tax, capital gains tax or any other related tax, however, the government approved the application of the Value Added Tax in the Kingdom by January 2018. The Value Added Tax may be applied on initial or future properties to be acquired by the Fund, which may increase the value of the properties, and thus adversely affect the revenues of the Fund.

In accordance of the Value Added Tax Regulations recently issued in the Kingdom, investment in the Fund is not expected to be subject to the Value Added Tax, however, investors should seek advice on the impact of the Value Added Tax in respect of their investment in the Fund.

The Fund Manager is expected to be subject to the Value Added Tax in respect of its own activities and business. As a result, payments due and payable to the Fund Manager are amended so that they take the Value Added Tax in consideration. Therefore, it is not evident what is the impact of the Value Added Tax on the Fund and returns to Unitholders.

Risks of Government and Municipal Approvals

The Fund may fail to achieve its investment objectives in case any required municipal approval or consent is denied or is granted under unacceptable terms. In such case, the Fund may not be able to complete an investment or the development of a real estate property, which may negatively affect the value of Units, since the expected returns on development were not earned on time.

Saudization Risks

The Saudi Arabian government requires the employment of a high percentage of citizens of Saudi Arabia in the development of the Kingdom's real estate sector (Saudization). It is unclear at this point to what extent the Fund and its investments will be required to implement the Saudization policies. Saudization may require the hiring of additional employees or the provision of additional training. These additional costs may result in operating costs higher than originally expected. They are deducted out of the Fund's net income, hence reducing the net profit available for distribution to Unitholders.

Risks of Third Party Litigation

The activities of the Fund's assets expose the Fund to the risks of becoming involved in legal proceedings with third parties. In such case, the costs of defending against any claims filed by third parties and any amounts related to settlements or judgments, shall be incurred by the Fund, which would reduce the Fund's assets and distributions to Unitholders.

Risks of Liability and Indemnification Limitation

The Terms and Conditions of the Fund limit the circumstances under which the Fund Manager, its shareholders, directors, managers, officers, employees, agents and subsidiaries, and the Fund Board, can be held liable to the Fund and Unitholders. As a result, the Unitholders' right of recourse against the Fund Manager and their right to take action against it in certain cases is limited, as compared to cases where such requirements are not provided for. In addition, the Fund may be responsible for indemnification in respect of certain claims, losses, damages and expenses pertaining to the Fund Manager, the Custodian, developers, property managers, their respective directors, managers, officers, employees, agents and subsidiaries, and the members of the Shari'a Committee and Fund Board, for some claims, losses, damages and expenses arising out of their actions on behalf of the Fund, provided the person who made the action has acted in good faith and in a manner believed to optimally serve the interest of the Fund, and provided such action does not entail a gross negligence, fraud or willful misconduct. Such indemnification obligations could materially impact the returns to Unitholders.

Sovereign and Political Risks

The value and investments of the Fund may be negatively affected by the political and diplomatic developments, social instability, changes in government policies and other political and economic developments, which would adversely affect the Unit trading price or returns on investments.

Risks of In-kind Distributions

Subject to compliance with regulatory requirements, the Fund may make in-kind distributions in the form of real estate property or shares in other companies upon the winding up of the Fund. In the event of distribution of in-kind dividends, Unitholders may receive shares in a company or real estate property that are difficult to be disposed of and realized. The distribution of in-kind dividends in the form of assets may create administrative costs and burdens which investors would not have incurred if the Fund distributed cash dividends.

Forward-Looking Statements

a) These Terms and Conditions may contain forward-looking statements relating to future events or the Fund's future performance or expected assets. In some cases, forward-looking statements can be identified by terminology such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "plans,", "projects," "should," "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, prospective investors shall specifically consider various factors, including the risks outlined in Paragraph (D) of these Terms and Conditions. These factors may cause the actual events or results to differ materially from any forward-looking statements contained herein. The foregoing does not purport to be a complete or exhaustive explanation and summary of all the risk factors involved in an investment in the Fund Units. Therefore, we strongly recommend all prospective investors to seek independent advice from their own professional advisors.

   The foregoing risks are not considered to be a complete or exhaustive explanation and summary of all the risk factors involved in an investment in the Fund Units. It is strongly recommended that all prospective investors seek independent advice from their own professional advisors.

b) An investment in the Fund does not entail any guarantee that such investment will be profitable or that an investor will not incur any loss. As such, each prospective investor shall take into account each of the aforementioned risk factors prior to purchasing Units in the Fund. Investors shall solely bear the full responsibility for any financial loss resulting from an investment in the Fund unless such loss is due to a fraud, gross negligence, or willful misconduct of the Fund Manager, in accordance with the Real Estate Investment Funds Regulations.

11. Subscription

a – information about the subscription

(123,000,000) Units will be offered at an Initial Offering Price of SAR 10 per Unit, to raise SAR (1,230,000,000), which is the amount required to be raised by way of the Initial Offering by (1) offering 87,950,000 Units to the public (equal to SAR 879,500,000), and (2) offering (35,050,000) Units to the property owners as in-kind shares (equal to SAR 350,500,000). The Offering Period will start on 18 Rajab 1439H, corresponding to 4 April 2018G, and will end on 29 Shaaban 1439H, corresponding to 15 May 2018G, running for a period of 20 Business Days. The Fund Manager may extend the Offering Period by 10 Business Days after obtaining the approval of the Fund Board and the CMA.

Description	Date
Initial Offering Period	20 Business Days starting on 18 Rajab 1439H, corresponding to 4 April 2018G, and ending on 29 Shaaban 1439H, corresponding to 15 May 2018G
Extension of the Initial Offering Period "Extension Event"	10 Business Days after obtaining the approval of the Fund Board and the CMA. If the Offering is not covered after the extension period, the Subscription Amounts and any profits resulting therefrom in the event the Subscription Amounts are invested during the Subscription Period, shall be returned without any deduction within a period not exceeding 5 Business Days
Acknowledgement of Receipt of the Subscription Application	One business day after the date of receiving the subscription application
Acceptance / Rejection of the Entire Subscription of the Subscriber	Three (3) Business Days after the date of acknowledging receipt of the subscription application
Allocation of Units	
Announcement of the Results of the Offering Period and Returning Fund Oversubscriptions	15 Business Days after the end of the Subscription Period
Acquiring the Properties/Listing the Fund Units on the Saudi Stock Exchange (Tadawul)	Assets will be acquired, their titles will be transferred to the special purpose vehicle (SPV) and Fund Units will be listed on the Saudi Stock Exchange (Tadawul), within (60) Calendar days after the end of the Initial Offering
Minimum Subscription	50 Units, or SAR 500
Maximum Subscription	6,149,950 Units or SAR 61,499,500

b - In-Kind Subscription and Lock-up Period on In-Kind Contributions

The sellers of the Initial Real Estate Assets are entitled to subscribe in-kind in MEFIC REIT during the Initial Offering Period in return for Units received as part of the payment of the value of the Initial Real Estate Assets. The estimated value of their subscription is equivalent to 35.05 million Units (representing 28.5% of the Fund's Units), if the cash offering (SAR 879.5 million) is subscribed in full.

However, in the event of minimum subscription in the cash offering (SAR 400 million), the balance amount (SAR 479.5) will be collected by way of:

Increasing the in-kind subscription by 50% of the Fund's total capital to SAR 615 million.

Obtaining a financing in the amount of SAR 215 million.

In the event an amount ranging between SAR 400 million and SAR 879.5 million is raised, the in-kind percentage will be changed accordingly.

The following table contains a breakdown of MEFIC REIT's in-kind subscription Units in the event of cash subscription in full (SAR 879.5 million). As for the lock-up period applicable to MEFIC REIT's in-kind contributions:

In respect of the assets to be purchased by MEFIC REIT without leaseback to their previous owners on a single lease agreement; there will be a lock-up period of one year on the sale of the in-kind contributions of those investors. Those assets are "Commercial Mall in Riyadh", Plaza 1, Plaza 2, Al Diyafa Building, and Office and Commercial Building in Jeddah.

In respect of the assets to be purchased by MEFIC REIT and leased back to their previous owners on a single lease agreement; there will be a two-year lock-up period on the sale of the in-kind contributions of those investors, suc as Drnef Ajyad Hotel and Drnef Kuddai Hotel.

Property	Ownership of the Properties before the Offering of MEFIC REIT		In-Kind Share of the Previous Freeholder in MEFIC REIT after the Offering				
	Property Owner	Leaseholder	In-Kind Share of the Previous Freeholder/ Previous Leaseholder (Number of Units)	Unit Value (SAR)	Percentage Share in the Fund	Method of Subscription	Lock-up Period on In-Kind Contributions ***
"Commercial Mall in Riyadh" – Freehold	HRH Prince Miti'b bin Abdulaziz	MEFIC Souq Sharq Fund	15,000,000 Fully owned by HRH Prince Miti'b bin Abdulaziz	150,000,000	12.20%	In-Kind	1 Year
"Commercial and Office Building in Jeddah" – Freehold	Anas Al-Okla on behalf of MEFIC Qannas Fund II	Tihama Advertising Company	3,300,000 Fully owned by the Saudi investors in MEFIC Qannas Fund II, detailed in the aforementioned lists of shareholders	33,000,000	2.68%	In-Kind*	1 Year
Plaza 1 – Leasehold	Abdullah Ibrahim Al-Musaad	MEFIC Qannas Fund	6,600,000 Fully owned by the Saudi investors in MEFIC Qannas Fund, detailed in the aforementioned lists of shareholders	16,000,000	5.4%	In-Kind**	1 Year
Aldiyafa – Leasehold	Zayed bin Fahad Al-Sukaibi	MEFIC Qannas Fund	6,600,000 Fully owned by the Saudi investors in MEFIC Qannas Fund, detailed in the aforementioned lists of shareholders	27,500,000	2.24%	In-Kind**	1 Year
Plaza 2 – Leasehold It is no longer owned by the fund	Abdulaziz bin Mohamed Al-Taweel	MEFIC Qannas Fund II	2,000,000 Fully owned by the Saudi investors in MEFIC Qannas Fund II, detailed in the aforementioned lists of shareholders	20,000,000	1.6%	In-Kind*	1 Year
Drnef Kuddai – Freehold	Fahad Ibrahim Al-Moussa		1,710,000 Fully owned by Fahad Ibrahim Al-Mousa	17,100,000	1.39%	In-Kind	2 Years
Drnef Ajyad - Freehold	• Fahad Ibrahim Al-Mousa (66.86%) • Mohammed bin Abdulrahman Al-Isa (16.57%) • Omar Abdullah Qadi (16.57%)		3,690,000 Distributed as follows: Fahad Ibrahim Al-Mousa (66.86%) – 2,467,134 Shares Mohammed bin Abdulrahman Al-Isa (16.57%) – 611,433 Shares Omar Abdullah Qadi (16.57%) – 611,433 Shares	36,900,000	3.0%	In-Kind	2 Years
Total			**35,050,000**	**350,500,000**	**28.50%**		

* The Units will be an in-kind subscription of Qannas Fund II Unitholders
** The Units will be an in-kind subscription of Qannas Fund Unitholders
*** The lock-up period starts as of the commencement of Unit trading on the Exchange

c - The fund manager did not subscribe to the fund during the offering period.

d - The fund manager undertakes to abide by the regulations of non-Saudis real estate ownership and investment Law.

e - Minimum & Maximum Level of Subscription

- During the Initial Offering Period, investors must subscribe for at least 50 Units at a subscription price of SAR 10 per Unit for a minimum total Subscription Amount of not less than SAR 500.
- During the Initial Offering Period, the maximum level of subscription shall be 6,149 million Units at a Subscription Price of SAR 10 per Unit and a total Subscription Amount of not more than SAR 61,499,500.

f - Subscription Process

Step 1 - Obtaining the Terms and Conditions

Prospective subscribers shall obtain a copy of the Terms and Conditions by visiting the Fund Manager's website, CMA's website or Tadawul's website, or by visiting the MEFIC Capital's Head Office.

Step 2 – Filling Out the Subscription Application

The subscriber shall fill out the subscription form in full by visiting the website of MEFIC Capital, or by completing the form by hand at MEFIC Capital's Head Office. Only one subscription form shall be filled by each subscriber who is subscribing for himself and his/her family members who are registered in the family record if the family members are subscribed in the same number of units which are applied for by the principal subscriber. This will result in the following:

- All Units will be allocated to the principal subscriber and the dependent investors will be registered in the name of the principal subscriber.

- Oversubscription amounts for any unallocated Units shall be returned to the principal subscriber.

- The principal subscriber receives all dividends distributed in respect of the Units allocated to principal subscriber and the dependent subscribers, if the Units are not sold or transferred.

Step 3 – Agreement to the Terms and Conditions

If the subscription is made via MEFIC Capital's electronic channels, the Terms and Conditions shall be agreed to electronically, and considered as read and their contents agreed to.

If the subscription is made at MEFIC Capital's Head Office, the Terms and Conditions are signed manually and submitted to the Fund Manager along with the subscription form.

Step 4 – Transfer of the Subscription Amount

A temporary bank account IBAN will be sent by the Fund Manager for each subscriber, whether the subscription is made electronically or at MEFIC Capital's Head Office. Subsequently, the subscriber shall transfer the subscription amount plus subscription fees of 2% of the

subscription amount. The deadline for the transfer is no later than 05:00 pm on the last day of the subscription period.

For example: If the subscriber wants to subscribe with the minimum subscription amount of SAR 500, the subscriber shall transfer a sum If SAR 510, That is SAR 500 for the subscription amount, plus SAR 10 for the subscription fees, to the subscriber's IBAN which will be provided by the Fund Manager once the subscription application is filled out.

Step 5 – Acknowledgement of Receipt of the Subscription Application

The Fund Manager will acknowledge receipt of the Fund subscription application by sending an SMS message to the client's mobile number, or via electronic mail.

Step 6 – Acceptance of the Subscription Application

The subscription application will be reviewed within three business days from the date of acknowledgement of its receipt. If the subscription application is not fully completed, or in the event of any comments, the client will be notified via an SMS message or by e-mail to complete requirements within one business day after the date of notification to the subscriber.

If the application is complete, the client will be notified of the acceptance of the subscription application. The fund manager has the right to accept or reject the subscription application. The client is rejected if the disclosure file is incomplete, or if the subscription amount of a subscriber is rejected, in which case, the subscription amount and related subscription fees will be returned to the subscriber's portfolio within ten business days after the closing date (less any bank changes, bank transfer charges, or currency exchange charges incurred).

Step 7 – Allocation Notice

Upon closing the offering period and acceptance of the subscriptions, the Units will be allocated to subscribers in accordance with the allocation process described in sub-paragraph (2) of this Clause. CAM will be notified accordingly, and the final results of the offering and the allocation of the Units will be announced on the Fund Manager's website within ten business days.

Step 8 – Return of Oversubscription and Depositing of Units

Following the announcement of the final allocation, the oversubscription amounts will be returned to the subscribers without any deduction, less the value of the allocated Units and the subscription fees. If the offering is successful, the allocated Units will be deposited within 15 business days after the closing date, in the subscribers' portfolios opened with an Authorized Person. However, if the offering fails, the subscribers' funds shall be returned within 5 business days without deduction of any fees.

g – Explanation of subscription method

To subscribe in the Initial Public Offering (IPO), investors shall subscribe in the Units and complete the subscription form as contained in Appendix (E) of these Terms and Conditions. The national ID shall be provided to the Fund Manager signed by the subscriber, in addition to the family record of minors and dependents. The subscription form shall also be made available on the Fund Manager's website (www.mefic.com.sa), at certain branches of the Receiving

Banks, and on the websites of the Receiving Banks. Subscription forms may be submitted on any business day during the Fund's subscription period by delivering a copy of the Terms and Conditions and the Fund's subscription form, after signing them by the Unitholder and depositing the subscription amount and attaching proof of the deposit in the Fund's account with a Receiving Bank (Al Rajhi Bank – National Commercial Bank – Saudi Fransi Banque – Aljazira Bank – Riyad Bank). The delivery shall be made in person, or by sending to the post office box, or to the email address info@MEFIC.com.sa.

Each subscriber must have an active portfolio. Subscribed MEFIC REIT Units will be included directly in the subscriber's portfolio with an authorized financial institution. If the amount to be raised, namely the Fund's capital, is not subscribed in full during that period, the Fund Manager may extend the Closing Date 10 business days, subject to the approval of the Fund Board and the CMA. If the Fund's capital is not covered after within this extension period, the subscription amounts, plus any profits if the subscription amounts were invested during the subscription period, shall be returned without any deduction within not more than five business days.

✓ **Subscription in the Fund through MEFIC Capital**

❖ **General Conditions for Subscription in the Fund by Category**

Without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, subscription in the Fund is open to any Saudi, GCC citizens, non- Saudi residents or foreigners non-residents in the Kingdom

In regard of IPO Subscription, the process of subscription is below:

A) Individuals:

Include all natural persons of Saudi nationality only, subject to the provisions of the Law of Real Estate Ownership and Investment by Non-Saudis.

Following are the main requisite documents to be provided by Saudi individuals:

- Valid national ID.
- Active portfolio with an Authorized Person.
- An IBAN of a bank account in the name of the prospective Fund subscriber, from which the subscriber transfers the subscription amount and to which the oversubscription amount is returned after allocation.
- Complete subscription documentation (signed Terms and Conditions + Completed and signed subscription form + copy of the bank transfer + copy of the ID card signed by the investor).

Conditions and requirements for Minors and Individuals Lacking Legal Competence:

- A minor below 18 Hegira years of age may subscribe through their guardian or custodian. A minor below 18 Hegira years of age shall provide a copy of his/her national ID and a copy of the ID of the guardian or custodian.

- If the minor is below 15 Hegira years of age, the family record to which the minor is added, shall be provided along with a copy of the ID of the guardian or custodian.

- If the client is a minor below 18 years of age under custody, the custodianship deed issued by the court of jurisdiction, shall be attached.

- An individual lacking legal competence may subscribe through his/her guardian or custodian, provided the individual lacking legal competence has a portfolio with an Authorized Person.

Legal Entities:

Include Saudi establishments, companies and investment funds totally owned by Saudi nationals, as well as government agencies and other legal entities existing in the Kingdom of Saudi Arabia, subject to the provisions of the Law of Real Estate Ownership and Investment by Non-Saudis.

- Requisite Documents for Companies

- Copy of the commercial registration stamped by the company.

- Copy of the memorandum of association and the articles of association stamped by the company.

- Copy of the ID card of the authorized signatory stamped by the company and signed by the authorized signatory.

- Requisite Documents for Investment Funds

- Copy of the commercial registration of the fund manager stamped by the company.

- Copy of the memorandum of association and the articles of association of the fund manager stamped by the company.

- 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 stamped by the company and signed by the authorized signatory.

- Letter by the subscribing fund manager whereby declaring that the subscribing fund will be owned by Saudis only throughout the MEFIC REIT Units holding period.

- Requisite Documents for Investment Portfolios

- Copy of the ID card of the portfolio holder.
- Copy of the commercial registration of the portfolio manager stamped by the company.
- Copy of the portfolio manager's memorandum of association and articles of association stamped by the company.
- 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 stamped by the company and signed by the authorized signatory.

The Fund Manager reserves the right to accept or reject any subscription if the subscriber fails to satisfy the requirements as provided in the Terms and Conditions, or in the event the subscriber does not complete the required information in the subscription application form, or sign the form, or pay the required subscription amount. The Fund Manager may also reject any subscription application if the subscriber is a restricted person as described in the Definitions of these Terms and Conditions.

In addition, the subscription of any investor will be rejected if the subscription amount is not added to the subscriptions account during the Subscription Period. All rejected amounts will be returned without deducting any charges within 5 business days after the announcement of the allocation.

By submitting the completed and signed subscription application, along with these Terms and Conditions duly signed, the investor shall be deemed to have accepted these Terms and Conditions and submitted a binding and irrevocable offer to subscribe in the number of Units mentioned in the subscription application. All subscription applications are subject to the Fund Manager's approval as stipulated in these Terms and Conditions.

✓ **Subscription through Receiving Banks**

The investor may subscribe if the investor has a bank account with (Al Rajhi Bank – National Commercial Bank – Aljazira Bank – Saudi Fransi Bank – Riyad Bank) and an active portfolio with an Authorized Person in Tadawul. The investor shall subscribe via the electronic channels of the aforementioned Receiving Banks after accepting these Terms and Conditions and completing the electronic subscription form, or via the bank branches after submitting a signed copy of the Terms and Conditions and a signed subscription application. Subscription in real estate properties however is available to Saudi nationals only.

Following is the subscription process via Receiving Banks and the Lead Manager (Albilad Capital):

Saudi investors shall subscribe in the Units during the offering period by completing a subscription application in the form contained in Appendix (F) of these Terms and Conditions, and paying the subscription amount. The subscription application form will also be available on the Lead Manager's website, Albilad Capital, or on the websites of the Receiving Banks, namely National Commercial Bank (www.alahlionline.com), Riyad Bank (https://www.riyadbank.com), Al Rajhi Bank Group (www.alrajhibank.com), Aljazira Bank (www.baj.com.sa) and Saudi Fransi Bank (www.alfransi.com.sa).

The prospective Saudi investor shall be a client of a Receiving Bank to be able to subscribe in the Fund. Each prospective investor shall:

(i) Submit the subscription application, along with any other requisite documents as provided in the subscription application form.

(ii) Pay the full amount of subscription in the Units applied, in addition to the subscription fees. The amount shall be net of any deductions, expenses, bank charges, bank transfer charges and currency exchange charges (to be borne by the investor).

Cancellation and Refunds

The Initial Offering may be cancelled and the subscription amounts refunded to investors in the following events (unless otherwise determined by the CMA):

(i) failure to raise the minimum required amount of SAR 1,230 million;

(ii) if the number of public Unitholders is less than 50;

(iii) if public subscriptions represent less than 30% of the Units;

(iv) if the ownership of the properties concerned is not transferred to the Fund;

(v) any other reason as may be determined by the Fund, subject to CMA's approval.

In the event of cancellation of the Initial Offering, all subscription amounts and subscription fees received in the investor's investment account with MEFIC Capital, as shown in the subscription form, shall be returned within 5 business days after the date of the cancellation (less any bank charges, bank transfer charges or currency exchange charges).

i - Allocation

The Fund Manager shall notify each investor within 5 business days after the closing date of the acceptance or rejection of the investor's application. If the subscription is accepted, confirmations are sent to the subscribers showing the allocated subscription amount. However, if the subscription of a certain investor is rejected, the subscription amount and related subscription fees shall be returned to the investor's investment account with MEFIC Capital as shown on the subscription application within 5 business days after the closing date (less any bank charges, bank transfer charges or currency exchange charges incurred).

Subject to the provisions of the foregoing subparagraph (3) pertaining to the in-kind subscription, and provided registration and listing requirements are completed as shown below, the Units shall be allocated subsequent to the closing date as follows:

(1) If the total subscription amounts of all investors (including the in-kind subscriptions) is less than the amount to be raised, a sum total of SAR 1,230 million, the offering shall be cancelled and the subscription amounts shall be returned to the investors (without any interest) within 5 business days after the closing date;

(2) If the total subscription amounts of all investors (including the in-kind subscriptions) is equal to the amount to be raised, a sum total of SAR 1,230 million, the full subscription amount shall be accepted and Units shall be allocated at a price of SAR 10 per Unit only to investors, giving first priority in allocation to the in-kind subscriptions;

(3) If the total subscription amounts of all investors (including the in-kind subscriptions) is greater than the amount to be raised, a sum total of SAR 1,230 million, the total Units of the offering shall be allocated as follows:

1- In accordance with the foregoing subparagraph (4), the subscription priority in MEFIC REIT Fund, shall be given to the owners of the Initial Real Estate Properties during the Initial Subscription Period, noting that the percentage of their subscriptions is 28.5% of the Fund Units.

2- Upon completion of allocation to the owners of the Initial Real Estate Properties, other subscriptions will be processed and the remaining amount of the initial offering shall be allocated as follows:

(i) 50 Units shall be allocated to each investor, with a total value of SAR 500.

(ii) In the event of excess unallocated Units, the remaining offering Units shall be allocated pro rata.

(iii) If the number of subscribers exceeds 1,759,000 subscribers, the Units shall be allocated to all investors pro rata without consideration of the minimum limit.

In the event of cash subscriptions equaling the minimum level of SAR 400 million only, or 40 million Units (32.5%), the remaining amount (SAR 479.5 million) shall be raised as follows:

- ☐ Increasing the in-kind share to 50% of the Fund's total capital to become SAR 615 million,
- ☐ Obtaining a loan of SAR 215 million. In this case, the Fund's capital will be SAR 1,015 million.

If a sum ranging between SAR 400 million to SAR 879.5 million is raised, the in-kind percentage will be changed commensurate with what is raised.

The Fund investors waive their preemptive right. Accordingly, any Fund owned property will be sold as provided in the Fund's investment strategy.

j - Capital Increase

The Fund capital increase mechanism shall be in accordance with applicable CMA laws and regulations:

9.1 Method of Capital Increase

If the Fund Manager decides that the Fund requires additional funding using subscriptions of Unitholders, the Fund may increase its capital in accordance with applicable CMA laws and regulations.

9.2 Basis for Issue of Units

Upon any increase in the Fund's capital, the Fund Manager shall offer Units in the Fund if the Fund Manager finds a value proposition in the best interest of the Unitholders. When issuing Fund Units in the future, the Fund Manager will take the following factors into consideration, without limitation:

- The Fund's NAV as per the most recent valuation of the Fund's assets;

- The market price of the Fund's Units and its historical averages;

- The value proposition of the issuance of the Units; and

- Market and economic conditions, state of the real estate sector, and levels of cash liquidity.

9.3 Fund Capital Increase Process

When increasing the Fund's capital, the Fund Manager will follow the below listed steps:

(1) Call for a Unitholders' meeting in accordance with the provisions of paragraph (in Paragraph (M) of these Terms and Conditions.

(2) Present the meeting agenda explaining the rationale for the capital increase, the basis for the issue of Units, and the practical steps to be taken.

(3) Upon approval from the CMA, a resolution approving the capital increase will be issued and published.

k – A timetable outlining the dates upon which is expected to start offering the units

	Steps	Expected Time Period After the Closing of the Offering
Projected Time Schedule for Listing the Fund on the Exchange	- Completion of the acquisition of the real estate assets - Signing of the sale, purchase and lease agreement - Transfer of title deeds to the Fund	60 calendar days

	Commencement of Fund Unit Trading on Tadawul	Q2 2018
	Offering Period	20 Business Days, starting as from 18 Rajab 1439H, corresponding to 4 April 2018G, and ending on 29 Shaaban 1439H, corresponding to 15 May 2018G
	Time Extension	In the event the required amount is not raised, the Fund Manager will extend the Subscription Period by 10 Business Days after obtaining the approval of the CMA
	Announcement of the Offering Period and allocation results, and the returning of oversubscriptions following subscription in the Fund	15 Business Days
	Refunding of amounts in the event of cancellation	15 Business Days
	Distribution of the Fund's Dividends	The Fund Manager aims to distribute to investors – at least twice a year at the end of Q1 and Q3 of each Gregorian year –annual cash dividends of not less than 90% of the Fund's annual net profits

Eligible Investors

Without prejudice to the Law of Real Estate Ownership and Investment by Non-Saudis, subscription in the Fund is open to any Saudi, GCC citizens, non- Saudi residents or foreigners non-residents in the Kingdom

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The Fund Manager is entitled to fully or partially reject the subscription of any investor in the Fund if such subscription would be in contravention of these Terms and Conditions, the Real Estate Funds Regulations, the Real Estate Investment Traded Funds Instructions or any other regulations adopted from time to time by the CMA or any other regulatory agency.
The Fund Manager will not subscribe in the Initial Offering and will not acquire Units on or after the Listing Date. However, the Fund Manager is permitted to obtain Units from time to time, provided the Fund Manager exits the Makkah properties in accordance with the Law of Real Estate Ownership and Investment by Non-Saudis. In addition, the Fund Manager shall also disclose in the Summary Financial Disclosure, any of its investments in the Fund as at the end of each fiscal year. If the Fund exits the Makkah properties, the Fund's Terms and Conditions will be amended to allow non-Saudis to subscribe in the Fund.

The Fund Manager shall take all such reasonable steps as may be necessary to ensure that at all times:

(i) The Fund shall have a minimum of 50 Unitholders from the public; and
(ii) At least 30% of the Unitholders are Public Unitholders.

Fund Account

The Fund Manager will open a separate bank account(s) with a bank(s) in the name of the Fund. All subscription proceeds from investors and Fund revenues shall be deposited in this account. Accrued expenses related to the operation and management of Fund will be withdrawn from this account.

Cancellation and Refunds

The initial offering may be cancelled and subscription amounts refunded to investors in the following events (unless otherwise is decided by the CMA):

- Failure to raise the required amount of SAR 1,230 million; or
- If public Unitholders are less than fifty (50); or
- Less than 30% of the Units are subscribed for by the public;
- Inability to transfer the ownership of the Initial Assets to MEFIC REIT Fund.

If the Initial Offering is cancelled, all subscription amounts and subscription fees received will be returned to the investment account of the subscriber within ten business days after the date of cancellation (less any bank charges, bank transfer charges or currency exchange charges incurred).

Fund Size

The Target Fund Size is SAR 1,230 million divided into 123 million Units at a Par Value of SAR 10 per Unit.

12. Trading of Fund Units

a - Units Trading:

1. Upon listing, the Units may be traded in the same way as trading listed companies shares on Tadawul. Therefore, Unitholders and investors may trade during the normal trading hours announced by Tadawul directly through licensed brokerage firms

2. Unitholders are not entitled to redeem their Units from the Fund Manager. They may sell their Units directly on Tadawul without referring to the Fund Manager.

3. Acquiring Units from Tadawul shall be considered an acknowledgment from a buyer that it has read and accepted these Terms and Conditions.

4. Trading in the Fund Units shall result in trading fees or commissions being incurred which shall be settled as per the prevailing market prices. The investor will be responsible for the trading fees or commissions.

b - In line with the Real Estate Investment Traded Funds Instructions, the CMA may at any time suspend the trading of the Fund Units or cancel delist the Units as it deems appropriate.

(a) If it deems necessary to protect investors or maintain a regulated market.

(b) If the Fund Manager or the Custodian fails to comply with the Law and its Implementing Regulations to an extent deemed material by the CMA.

(c) If the liquidity requirements defined in subparagraphs (A/2), (A/3) and (B/2) of paragraph (B) of Part (4) of the Real Estate Investment Traded Funds Instructions.

(d) If it deems that the level of operations of the Fund or its assets do not justify the continued trading of the Fund's Units on Tadawul.

(e) The Fund Manager may apply to the CMA in writing to temporarily suspend the trading of the Fund Units, or to delist them, provided that application contains reasons for the requested suspension or delisting. The CMA may accept or reject the application at its discretion.

13. Dividend Distribution Policy

The Fund Manager aims to distribute to investors - twice a year at the end of Q1 and Q3 after the end of the Gregorian year - annual cash dividends of not less than 90% of the Fund's annual net profits, excluding the profits resulting from the sale of the initial real estate assets, which are reinvested in additional assets. The Fund is expected to declare the dividends and their due and distribution dates within 40 Business Days after any relevant Valuation Day.

14. Termination of the Fund

a- The Fund shall be terminated in any of the following events (each a "Termination Event"):

1. Following the approval of the Fund Board and Shari'a Committee if the Fund disposes of all of its assets and all proceeds of such dispositions have been distributed to the Unitholders; or

2. There is a change to the laws, regulations or other legal conditions or there are material changes to the market conditions in Saudi Arabia and the Fund Manager considers such change as a justified reason to terminate the Fund; or

3. If the termination of the Fund is required pursuant to a decision by the CMA or under its regulations.

Unitholders and the CMA will be notified within 30 days of the occurrence of a Termination Event.

If the Fund is to be terminated for a reason other than the occurrence of a Termination Event, a prior approval of Unitholders, the Fund Board, the Shari'a Committee and the CMA is required.

B - **If the Fund is terminated, (following written notice to and, if required, the approval of the CMA**),

the Fund Manager shall, within 15 Business Days, (a) request Tadawul to delist the Units and request the CMA to cancel the Fund, and (b) announce a time schedule for liquidating the Fund on the website of the Fund Manager and commence liquidation procedures. The Fund Manager shall appoint a liquidator who

shall cause the Fund to be wound down with assets of the Fund distributed to the Unitholders. For the avoidance of doubt, the Fund Manager may act as the liquidator, and the assets of the Fund may be distributed to the Unitholders in-kind in case the disposal of the Fund assets was impossible or the Fund Manager considers it to be in the best interest of the Unitholders.

15. Fees, Charges and Commissions

Excluding subscription fees which are paid by the Unitholders when subscribing in the Initial Public Offering, the Fund shall bear and pay out of its assets all fees, charges and commissions as provided in this Articles. Actual fees only will be deducted.

Fund Fees	Fund Fees and Charges
Subscription Fees	2% of the subscription amount, non-recurring. Subscription fees charged after the allocation only. These fees are deducted and paid to the Fund Manager. Subscription fees include VAT.
Management Fees	The Fund shall pay the Fund Manager Management Fees of 0.35% of the Fund's NAV.
Performance Fees	The Fund Manager is entitled to performance fees of 5% of the positive difference between the sale price of any Fund owned property, and its purchase price. If the Fund Manager decides to distribute the proceeds of sale of any of the Fund's Assets, the performance fees shall be calculated and deducted as a provision before distribution of the sale proceeds. In the event of reinvesting the funds in the Fund, the Fund Manager will not be paid any performance fees. Moreover, no performance fees will be paid if an asset is sold at or below its purchase price.
Custody Fees	Custody fees shall be calculated annually based on the Fund's net asset value (NAV), subject to a minimum of SAR 12,500 per month. The applicable rate ranges from a minimum of 0.025% to a maximum of 0.050%, in accordance with the custody fee calculation schedule set out in Article 15.2.
Administrator Fees	The Administrator provides this service without annual fees.
Transaction Fees	The Fund shall pay the Fund Manager Transaction Fees of 1% of the purchase or sale price of each real estate property which is purchased from, or sold to, the Fund, in compensation for the Fund Manager carrying out the requisite due diligence, negotiating sale and purchase terms and completing the transaction. The fees are payable upon the completion of the purchase or sale transaction of each real estate assets, and apply to the Fund's Initial Real Estate Assets.
Auditor's Fees	The Fund shall pay the Auditor annual fees in the amount of SAR 55,000.
Tadawul Registration Fees	SAR 50,000 + SAR 2 on each Unitholder, capped at SAR 500,000, payable for the creation of a Unitholder's register; and SAR 400,000 payable to Tadawul for administering a Unitholder's register. Such fees may change from time to time commensurate with changes in the Fund's capital.

Tadawul Listing Fees	The Fund expects to pay the following listing fees: SAR 50,000 payable to Tadawul as initial listing fees; and

	0.03% of the Fund's market value, with a minimum of SAR 50,000 and a maximum of SAR 300,000.
Regulatory Fees	SAR 7,500 payable to CMA.
Tadawul Website Publishing Fees	SAR 5,000 per annum.
Property Management Fees	Plaza 1: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Dhiyapha: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Souq Sharq: A collection commission of 7% of the cash collected, in addition to administrative expenses of SAR 35,000 per month. The owner bears all operating expenses. Andalus Building in Jeddah: Collection commission: 9% of the cash collection , and the owner bears all the operating expense
Transaction Costs	The Fund shall pay the Fund Manager all Transaction Costs, such as the cost of acquisition of the real estate assets, including the cost related to acquiring any asset, such as the feasibility studies, legal advice costs, due diligence, advisory, legal and valuation costs, and the costs of formation of the special purpose vehicle. The Transaction Costs shall not exceed 0.5% If the Fund's NAV per annum. Actual costs only will be deducted and shall be disclosed according to the latest reviewed pro forma financial statements or the audited annual financial statements, whichever is more recent.
Independent Directors Remuneration	Each Independent Director will receive a fee of SAR 5,000 for the attendance of each meeting, up to a maximum of SAR 20,000 per annum, payable at the end of each year. Other Fund Board members will not receive any remuneration.
Other Fund Fees	The Fund shall be responsible for all the expenses resulting from its activities, investments and exits from its investments. The Fund shall also bear all other expenses related to services provided by third parties, including legal, advisory, administrator, accounting, valuation, custody, regulatory agency costs, related insurance costs, and other professional services, in addition to expenses for the purification of non-Shari'a compliant income. Such expenses are not expected to exceed 0.50% of the Fund's NAV annually.
Development Fees	The Fund Manager will negotiate development fees incurred by the Fund and paid to the developers on an arm's length basis in line with market prices, up to a maximum of 15% of the development cost. For the avoidance of doubt, the Fund did not incur any Development Fees in respect of the Initial Real Estate Assets.

Brokerage Fees	A maximum of 2.5% of the value of the real estate assets, usually payable to the seller, marketer or broker. In respect of the acquisition of the Initial Assets, MEFIC REIT Fund will pay SAR 16.16 million in brokerage fees to acquire some of the real estate assets ("Commercial Mall, Riyadh" land – Drnef Ajyad Property – Drnef Kuddai Property – The Pad Property).

Value Added Tax (VAT)	All the fees and expenses referred to in these Terms and Conditions and/or any related documents do not include VAT, unless otherwise stated. If VAT is imposed, or may be imposed, on any service provided to the Fund, the Fund will pay the service provider (in addition to any other fees or charges), a sum equal to the value of this tax as it appears on the VAT invoice of the relevant service. If VAT is imposed or may be imposed on any service provided by the Fund, the client shall pay the Fund (in addition to any other fees or charges) a sum equal to the value of this tax.
The Fund Manager will take all necessary steps in the best interest of the Unitholders to the best of its knowledge and belief and with due and reasonable care. The Fund Manager, its directors, officers, employees, agents, advisors, affiliates, and related party, and the Custodian and each of the property managers, members of the Shari'a Committee and the Fund Board (each an "Indemnified Party"), will not bear any liability to the Fund or any investor in respect of any loss the Fund incurs as a result of taking or failure to take any action by any of the aforementioned parties, in respect of any of their obligations to the Fund. In such event, any Indemnified Party, who intends to rely upon the provisions of this paragraph, shall have acted in good faith, and in a manner that optimally serves the best interests of the Fund, and that his action does not involve any gross negligence, fraud or wilful misconduct. The Fund shall indemnify and hold harmless each Indemnified Party against all claims, expenses, compensation, costs, demands and obligations which may be incurred by any or all of them in relation to their duties to the Fund, except as a result of fraud, gross negligence or wilful misconduct by the Indemnified Party.	

- **About Zakat & Tax**

The Fund Manager undertakes to provide the Zakat, Tax and Customs Authority with all reports and requirements regarding zakat declarations. The Fund Manager will also provide unitholders with zakat declarations when requested in accordance with the rules. Investors subject to the provisions of these rules who own investment units in the Fund are required to calculate and pay the zakat on these investments. . You can also view the rules of the Zakat Authority through the website: https://zatca.gov.sa/ar/Pages/default.aspx

1. Summary Financial Disclosure

The fees, charges and expenses to be incurred by the Fund are stated in the Summary Financial Disclosure in Appendix (H) of these Terms and Conditions.

2. Method of Calculation of Fees

<table>
<tr><th>#</th><th>Fee Type</th><th>Percent Levied</th><th>Amount Levied</th><th>Method of Calculation</th><th>Fee Payment Frequency</th></tr>
<tr><td>1</td><td>Subscription Fees*</td><td>2%</td><td></td><td>Calculated at 2%
of the subscription amount</td><td>Non-recurring</td></tr>
<tr><td>2</td><td>Management Fees</td><td>0.35%</td><td></td><td>Calculated daily</td><td>Semi-annually</td></tr>
<tr><td>3</td><td>Transaction Fees</td><td>1%</td><td></td><td>Calculated out of the total value of the asset to be acquired or sold, excluding brokerage fees</td><td>Non-recurring</td></tr>
<tr><td>4</td><td>Custody Fees</td><td>As per the schedule outlined in the Method of Calculation</td><td></td><td>Custody fees shall be calculated based on the Fund’s net asset value (NAV) in accordance with the following schedule:
<table><tr><th>Fund Size</th><th>Annual Fees (%)</th></tr><tr><td>500 million</td><td>0.050%</td></tr><tr><td>500 million – 1 billion</td><td>0.040%</td></tr><tr><td>Above 1 billion</td><td>0.025%</td></tr></table>subject to a minimum of SAR 12,500 per month</td><td>monthly</td></tr>
<tr><td>5</td><td>Auditor’s Fees</td><td>N/A</td><td>SAR 55,000</td><td>Lump sum as agreed</td><td>Semi-annually</td></tr>
<tr><td>6</td><td>Administrator’s Fees</td><td>0%</td><td>No Charge</td><td>N/A</td><td>N/A</td></tr>
</table>

7	Tadawul Registration Fees	N/A	Initial fee of SAR 50,000 plus SAR 3 per Unitholder, up to a maximum of SAR 500,000, non-recurring SAR 400,000 recurring annually for the management of the shareholders' register. This amount is calculated based on the Fund's market value, as follows: From SAR 100 million to SAR 200 million, to pay SAR 220 thousand From SAR 200 million to SAR 500 million, to pay SAR 300 thousand From SAR 500 million to SAR 2 billion, to pay SAR 400 thousand From SAR 2 billion to SAR 5 billion, to pay SAR 500 thousand From SAR 5 billion to SAR 10 billion, to pay SAR 600 thousand Over SAR 10 billion, to pay SAR 700 thousand	Calculated daily by dividing the fees on the number of days of the year	Unitholders' register management fees are payable annually
8	Tadawul Listing Fees	0.03% of the Fund's NAV	SAR 300 thousand Not less than SAR 50,000 and not more than SAR 300 thousand	Calculated daily on the Fund's market value	Deducted annually
9	Regulatory Fees	N/A	SAR 7,500 payable to CMA	Calculated daily by dividing the fees on the number of days of the year	Payable annually
10	Tadawul Website Publishing Fees	N/A	SAR 5,000	Calculated daily by dividing the fees on the number of days of the year	Payable annually
11	Shari'a Committee Fees	N/A	SAR 12,500	Lump sum as agreed	Semi-annually
12	Independent Directors Remuneration	N/A	SAR 5,000 per meeting	Payable to each director for attendance of each meeting, up to a maximum of SAR 20 thousand per member	Semi-annually
13	Development Fees	These expenses, if any, will be disclosed in the Summary Financial Disclosure at the end of the year			

14	Islamic Financing Costs	These expenses, if any, will be disclosed in the Summary Financial Disclosure at the end of the year

15	Brokerage Fees	2.5% maximum of the value of the real estate assets	SAR 16.16 million	Calculated on the total value of purchase of real estate assets	At the time of acquiring the asset
16	Property Management Fees	Plaza 1: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Dhiyapha: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Souq Sharq: A collection commission of 7% of the cash collected, in addition to administrative expenses of SAR 35,000 per month. The owner bears all operating expenses. Andalus Building in Jeddah: Collection commission: 9% of the cash collection , and the owner bears all the operating expense			

* Subscription Fees include VAT

3. Example on Calculation of Recurring Fees (At fund listing)

Fees calculated based on the hypothetical subscription amount (SR 1 million), assuming that the Fund Size is SAR 1,230 million.

Subscription Amount (SAR)	**1,000,000**
Auditor (SAR 40 thousand)	33
Legal Advisor (SAR 275 thousand)	224
Valuation Fees (SAR 150 thousand)	122
Administrator and Shari'a Committee Fees (SAR 50 thousand)	41
Tadawul Publishing Fees (SAR 5 thousand)	4
CMA Regulatory Fees (SAR 7.5 thousand)	6
Listing Fees (SAR 300 thousand)	244
Registration Fees (SAR 400 thousand)	325
Total Assets less Expenses	**999.002**
Management Fees (0.35%)	3,497
Custody Fees (0.025%)	250
Total Annual Fees (SAR)	4,744
Ratio of Annual Fees to the Subscription Amount	0.47%
Net Return on the Fund's Investments before Fund Fees	7.97%
Net Return on the Fund's Investments After Fund Fees	7.50%
Investor's Net Annual Profit (SAR) (Other than Capital Gain depending on market conditions)	**74,968**

4. The Fund Manager acknowledges that the fees listed in the above table include all fees that are levied on the Fund during the Fund's Term, without exception
The Fund Manager also acknowledges that any fees, other than those listed in the above table, will be borne by the Fund Manager

16. Insurance

The fund manager has insured the following properties:

Coverage Duration	Insurance Type	Property
29 Dec 2021 – 28 Dec 2022	Property All Risks	Souq Sharq

08 Dec 2021 – 07 Dec 2022	Property All Risks	Alandalus Building
01 Oct 2021 – 30 Sep 2022	Property All Risks	Drnef Ajyad Hotel
01 Oct 2021 – 30 Sep 2022	Property All Risks	Drnef Kuddai Hotel

17. The Fund's Assets

a- Registration mechanism of the fund's assets

The fund's assets are registered at the book value (acquisition cost + any other costs associated with the acquisition), taking into account the annual depreciation value of each property. With regard to registering the fund's assets, the fund manager uses an electronic system that ensures that the fund's assets are not mixed up and is updated according to changing data such as the cash balance, various financial operations and the instructions of the fund manager and its board of directors.

b- Detailed Information

1. **Names of the accredited valuers to the fund's assets**
   a. **Value Experts**
   b. **Taqdeer**

2. **Method of Valuation of Fund Assets**

The Fund Manager will evaluate the Fund Assets using valuations prepared by two independent real estate valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM). The Fund Manager is entitled to replace any existing Fund valuer or to appoint a new valuer without prior notice to the Unitholders. The said appointment by the Fund manager shall take into consideration the Fund Manager's responsibilities to the Unitholders. The Fund's NAV "related valuation" per Unit is calculated by deducting the Fund's total liabilities (including any financial liabilities, fees and expenses due and payable by the Fund during the covered period) out of the Fund's total assets, divided by the number of Fund Units. The result is an indicative value of the Fund Units. The Fund's total asset value is the total value of all real estate assets, cash, profits, receivables, the market value of all non-real estate investments, and the present value of any other Fund owned assets. The Fund Manager shall exercise reasonable care in determining the values of the Fund assets and requirements, provided that Fund Manager acts in good faith in the best interest of the Fund and Unitholders. For the purpose of evaluating real estate assets, the Fund Manager will use the average valuations of two (or more) independent real estate valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM). Cost of valuation for each asset to be invested in.

3. **Cost of valuation for each asset to be invested in.**

Property	Value Experts Valuation		Taqdeer Valuation	
	Valuation (SAR)	Valuation Method	Valuation (SAR)	Valuation Method
Commercial Mall, Riyadh	675,000,000	Income Method	668,954,938	Income Method
Commercial and Office Building, Jeddah	47,140,000	Income Method	48,253,713	Income Method
Plaza 1	66,147,330	Income Method	67,513,380	Income Method
Plaza 2 It is no longer owned by the fund	83,558,000	Income Method	86,326,826	Income Method
Aldiyafa Building	94,459,997	Income Method	95,985,902	Income Method
Drnef Ajyad Hotel	125,422,600	Income Method	128,205,130	Income Method
Drnef Kuddai Hotel	62,900,500	Income Method	64,102,564	Income Method
Valuation Date	February 2018		February 2018	

Dubai Building

Property	Value Experts Valuation		Medad Al-Tathmeen Valuation	
	Valuation (SAR)	Valuation Method	Valuation (SAR)	Valuation Method
The Pad	69,053,929	Market Value	66,356,246	Comparable Market Value of Similar Properties
Valuation Date	February 2018		February 2018	

4. Valuation Frequency and Date

The Fund Manager announces that NAV per Unit every six months (referred to as the "Valuation Day") "publishing date of audited or reviewed financial statement". The Fund Manager may postpone the valuation of the Fund's assets after obtaining the CMA's approval as stipulated in Article (22) of the Real Estate Investment Funds Regulations. In the event of differences in the valuation of the Fund's assets in the valuation reports, the average value of the valuation reports shall be used.

c - Announcement of the Net Asset Value

The Fund Manager will publish the Fund's assets valuation reports on its website and on Tadawul's website, and made available to the public immediately upon CMA's approval of the offering, with valuation reports added periodically, in accordance with the Real Estate Investment Funds Regulations, within not more than 15 business days after the date of issue of the reports and the announcement of the price of the Fund Unit.

The valuers must be accredited in accordance with the Law of Accredited Valuers promulgated by Royal Decree No. (M/43) dated 09.07.1433H, and its Implementing Regulations (real estate property valuation branch), and they shall undertake to abide by the valuation standards of the Saudi Authority for Accredited Valuers (TAQEEM), its professional code of conduct and applicable regulations and instructions.

d - Valuation of the Initial Real Estate Assets – "All valuation reports are available on MEFIC Capital's website"

The Fund Manager appointed Value Experts and Medad Al-Tathmeen as valuers accredited by the Saudi Authority for Accredited Valuers (TAQEEM) to provide independent valuations of the Fund's Initial Real Estate Assets. Following is a brief description of the assets, values and valuation dates:

- **Values in Saudi Riyal.**

Property	Value Experts Valuation		Taqdeer Valuation		Average	Approved Purchase Value
	Valuation (SAR)	Valuation Method	Valuation (SAR)	Valuation Method		
Commercial Mall, Riyadh	675,000,000	Income Method	668,954,938	Income Method	671,977,469	665000,000
Commercial and Office Building, Jeddah	47,140,000	Income Method	48,253,713	Income Method	47,696,857	45000,000
Plaza 1	66,147,330	Income Method	67,513,380	Income Method	66,830,355	66000,000
Plaza 2 It is no longer owned by the fund	83,558,000	Income Method	86,326,826	Income Method	84,942,413	82000,000
Aldiyafa Building	94,459,997	Income Method	95,985,902	Income Method	95,222,950	93000,000
Drnef Ajyad Hotel	125,422,600	Income Method	128,205,130	Income Method	126,813,865	123000,000
Drnef Kuddai Hotel	62,900,500	Income Method	64,102,564	Income Method	63,501,532	57000,000
Valuation Date	February 2018		February 2018			1131000,000

Dubai Building

Property	Value Experts Valuation		Medad Al-Tathmeen Valuation		Average	Approved Purchase Value
	Valuation (SAR)	Valuation Method	Valuation (SAR)	Valuation Method		
The Pad	69,053,929	Market Value	66,356,246	Comparable Market Value of Similar Properties	67,705,087	66,176,773
Valuation Date	February 2018		February 2018			

Dubai Building:
Note: Dubai Land Department fees totalled SAR 1,325,536
Thus the property purchase value is SAR 1,199 including Dubai Land Department Fees.

18. Fund Board

The Fund Manager will appoint the Fund Board to provide oversight over certain actions of the Fund and to act as a fiduciary for the benefit of the Fund and its Unitholders. The Fund Board will work with the Fund Manager to ensure the success of the Fund.

a - Composition of the Fund Board and Qualifications of Directors

The Fund Board will be composed of three members appointed by the Fund Manager, of whom two are independent. Any amendment to the composition of the Fund Board shall be announced on the Fund Manager's and Tadawul's websites.

The Fund Board comprises the following members:

Director's Name	Director's Nationality	Type of Membership (Inside/ Independent)	Qualifications and Experience	Business Relation to the Fund, if any
Yosef Ibrahim ALshaer	Saudi	Non-Independent Member – Chairman of the Board of the Fund	He has over 30 years of experience in the banking and telecommunications sectors. He served as Chief Technology Officer (CTO) of Samba Financial Group, where he led the group-wide technology transformation and oversaw the management of technology infrastructure and operations. He founded and has managed Petra Electronics and Communications Company since 1989. He has also served on the boards of directors of several companies in the financial and financing sectors, including Mefic Capital, Nayifat Finance, Al Yusr Financing, and Contact Centers Company. He holds a Master's degree in Executive Management and a Bachelor's degree in Electrical Engineering from U.S. universities.	Member of the Board of Directors of MEFIC Capital Company
Bader Ibrahim Al Swailem	Saudi	Independent	Master of Business Administration from Northampton University - United Kingdom, and advanced studies from Harvard University and London Business School, Chairman of the Real Estate, Commercial and Transportation Committee, the SMEs, the Committee for Resource Planning and Development of the Chamber, and the Executive Committee of the eastern region Chamber during a practical experience that extends for 12 years	None
Nezar Hassan Al sayed	Saudi	Independent	Nezar Al-Sayed is a leader with over 30 years of experience in architecture, urban planning, and executive management. He has served as Chairman and Chief Executive Officer of Noon Engineering Consultancy and as Chief Executive Officer of Mi'mar Development, leading major projects within the Kingdom of Saudi Arabia and internationally. He has also served as a board member of Sheikh Saleh Al Rajhi, contributing to the development of strategic projects and national planning initiatives in collaboration with the Ministry of Municipal and	None

			Rural Affairs and the United Nations program. In addition, he gained extensive engineering experience at King Faisal Specialist Hospital and began his professional career in 1992. He holds a Bachelor's degree in Architecture and a Master's degree in Planning and Real Estate Development from King Saud University, as well as a PhD in Strategic Project Management from the London School of Economics.	

Qualifications of the Directors

The Fund Manager acknowledges that all the Fund Board members:

(i) are not adjudicated bankrupts or placed under liquidation; and

(ii) have not committed any acts of fraud, crime against honor or breach of trust; and

(iii) have the requisite skills and experience which qualify them to be Fund Board members.

The Fund Manager further acknowledges that each of the two Independent Directors satisfies the definition of "Independent Director" as contained in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.

b - Remuneration of the Directors

The Independent Director receives SAR 5,000 as attendance fee per meeting, while the remaining Fund Directors do not receive any remuneration. However, the Fund shall bear all the actual costs of travel and accommodation incurred by Director to attend meetings, subject to a maximum limit of SAR 20,000for all the Independent Directors, payable at the end of each year. The other Directors will not receive any remuneration.

c - Responsibilities and Services

The Fund Board members have the following responsibilities:

(1) Ensuring that the Fund Manager performs its responsibilities in the best interest of the Unitholders, in accordance with these Terms and Conditions, the Real Estate Investment Funds Regulations, and the Real Estate Investment Traded Funds Instructions and the decisions made by the Shari'a Committee;

(2) Approving all material contracts, decisions and reports to which the Fund is a party, including - without limitation – approving the development agreements, the custody agreements, the marketing agreements and the valuation reports;

(3) Approving these Terms and Conditions and any amendments thereto;

(4) Approving any conflict of interest disclosed by the Fund Manager;

(5) Approving the appointment of the Fund's Auditor nominated by the Fund Manager;

(6) Meeting at least twice annually with the Fund Manager's Compliance Officer and the Money Laundering and Terrorism Financing Reporting Officer to ensure the Fund Manager's compliance with all applicable laws and regulations;

(7) Ensuring the Fund Manager's disclosure of material information to Unitholders and other stakeholders;

(8) Acting in good faith and with due care in the best interest of the Fund and Unitholders.

(9) Approving the financing by the Shari'a Committee if needed by the Fund/

The Fund Manager shall provide all necessary information on the affairs of the Fund to all Fund Board members to enable them to carry out their duties.

d - Other Funds Managed by Fund Board Members

None of the Board Directors currently holds any membership on the board of any other investment fund in the Kingdom of Saudi Arabia (including Real Estate Investment Traded Funds) except as stated below:

Name	Funds Common to All Directors	Other Funds	Fund Manager	Title
Yosef Ibrahim ALshaer	• Mefic Porto Development Fund	None	MEFIC Capital	Non independent

	• Mefic Real Estate Opportunities Fund 3 • Mefic Real Estate Opportunities Fund 4 • Mefic Real Estate Opportunities Fund 5 • Mefic Real Estate Opportunities Fund 6 • Mefic Real Estate Opportunities Fund 7 • Mefic Real Estate Opportunities Fund 8 • Mefic Real Estate Opportunities Fund 9 • Mefic Real Estate Opportunities Fund 10			
Bader Ibrahim Al Swailem	• Mefic Porto Development Fund • Mefic Real Estate Opportunities Fund 3 • Mefic Real Estate Opportunities Fund 4 • Mefic Real Estate Opportunities Fund 5 • Mefic Real Estate Opportunities Fund 6 • Mefic Real Estate Opportunities Fund 7 • Mefic Real Estate Opportunities Fund 8 • Mefic Real Estate Opportunities Fund 9 • Mefic Real Estate Opportunities Fund 10	None	MEFIC Capital	Independent
Nezar Hassan Al sayed	None	None	MEFIC Capital	Independent

e - The fund manager declare that all board members of the fund fulfill the following eligibility requirements:

1. the member must not be bankrupt or subject to any bankruptcy or insolvency proceedings;
2. the member must not have committed an offense involving fraud or acted in breach of integrity and honesty; and
3. The member must possess the necessary experience and expertise.

f - The fund manager that the definition of an independent fund director in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority applies to the independent fund director

Fund Board Meetings

The Fund Board shall hold its meetings by invitation from the Chairman of the Board. Meetings are expected to be held at least twice per fiscal year. The Chairman may convene an urgent meeting of the Fund Board whenever he deems necessary, and shall call for the meeting whenever requested to do so by the Fund Manager or any two (2) Fund Board members.

The Fund Board meeting shall not be valid unless it is attended by the majority of the Board members. Board resolutions are adopted by majority vote. In the event of the votes are evenly split, the Chairman shall have a casting vote.

The Fund Board may make its decisions on urgent issues by circulation by facsimile or electronic mail; provided such a resolution is presented to the Fund Board at the first subsequent meeting to be formally documented. Fund Board meetings may be held, and voting by members during such meetings may be carried out, using state of the art technology.

The Fund Board shall document its meetings, prepare minutes of deliberations and discussions, including the voting process during those meetings, and keep the minutes of those meetings in an organized and proper form for easy reference.

No Board member may vote on any Board resolutions related to any issue in which that member has a direct or indirect interest. Such interest must be disclosed to the Fund Board.

19. Fund Manager

a - Name and Address of the Fund Manager

Name:	MEFIC Capital
Address:	MEFIC Tower, 7th Floor King Fahad Road Riyadh 13524 Kingdom of Saudi Arabia
Website:	www.MEFIC.com.sa

b - Fund Manager as an Authorized Person

The Fund Manager is a joint stock company, Commercial Registration No. 1010237038 issued by the Ministry of Commerce and Investment, and licensed by the CMA as an Authorized Person, License No. 06029-37 dated 21/09/1427H (corresponding to 17.07.2007G), to engage in dealing as a principal and underwriter, managing investment funds, managing client portfolios, arranging, advising and custody of securities.

c – Letter Regarding the Due Diligence
Not Applicable

d - Fund Manager's duties and responsibilites

The Fund Manager shall appoint a portfolio manager registered with the CMA in accordance with the Authorized Persons Regulations issued by the CMA to oversee the management of the Fund's Assets.

The Fund Manager will provide management and other services to the Fund, including but not limited to the following:

(1) Identifying investment opportunities and carrying out the sale and purchase of the Fund's assets;

(2) Setting out the decision-making procedures that should be followed when executing the technical and administrative issues of business and projects of the Fund;

(3) Informing the CMA of any material event or development that might affect the Fund's business;

(4) Complying with all laws and regulations valid in the Kingdom relating to the Fund's business;

(5) Managing the Fund's assets for the benefit of the Unitholders in accordance with the Terms and Conditions;

(6) Ensuring the legality and validity of all contracts concluded for the benefit of the Fund;

(7) Implementing the Fund's investment strategy described herein;

(8) Arranging, negotiating and executing Shari'a-compliant debt financing documentation on behalf of the Fund;

(9) Appointing the Shari'a Committee and securing their approval that these Terms and Conditions are in compliance with Shari'a Guidelines;

(10) Overseeing the performance of the Fund's contractual counterparties;

(11) Arranging the liquidation of the Fund upon its termination;

(12) Providing the Fund Board with all necessary information relating to the Fund to enable the Fund Board members to perform their responsibilities completely; and

(13) Consulting with the Fund Board to ensure compliance with the CMA's regulations and these Terms and Conditions.

The Fund Manager also bears the responsibility for any losses incurred by the Fund as a result of the Fund Manager's negligence or wilful misconduct.

e – provision governing fund manager removal or replacement

a) The Authority shall have the power to remove a Fund Manager in relation to a particular investment fund and to take any action it deems appropriate to appoint a replacement Fund Manager for that investment fund or to take any other measures it deems necessary in the event of:

1. the fund manager ceasing from carrying on management activities without notifying the Authority under the Capital Market Institutions Regulations;
2. the cancellation, withdrawal or suspension by the Authority of the Fund Manager's relevant authorisation(s) of carrying on management activities.
3. a request by the Fund Manager to the Authority to cancel its relevant authorisation of carrying on management activities;
4. the Authority believing that the Fund Manager has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations;
5. the death, incapacity or resignation of the portfolio manager who manages the assets of the relevant real estate investment fund, if no other registered person employed by the fund manager can manage the assets of the relevant real estate investment fund or the assets of the funds managed by the portfolio manager;
6. The Issuance of a special fund resolution by unitholders of a close ended fund requesting a removal of the Fund Manager; or
7. any other event determined by the Authority, on reasonable basis, to be of material importance.

b) Notice of any event described in sub-paragraph (5) of paragraph (a) of this Article must be provided by the fund manager to the Authority within (2) days of its occurrence.

c) Upon removal of the fund manager in accordance with the cases stipulated in subparagraphs (1), (2), (3), (4), (5) and (7) of paragraph (a) of this Article, the Authority shall directs the removed fund manager to call for a unitholders meeting within (15) days from the date of the Authority's removal decision, in order to appoint the custodian or other party, through an ordinary fund resolution, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.

d) Upon removal of the fund manager in accordance with the case stipulated in subparagraph (6) of paragraph (a) of this Article, the fund manager must issue an ordinary fund resolution at the same meeting in which unitholders voted on the request to remove the fund manager, in order to appoint the custodian or other party, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.

e) When any of the two cases stipulated in paragraphs (c) and (d) of this Article occurs, the Fund Manager must notify the Authority of the results of the unitholders meeting within two days of its convening.

f) The fund manager must cooperate and provide the custodian or the party assigned to find and negotiate any documents required by it for the purpose of appointing a replacement fund manager within (10) days from the date of the request, and both parties must maintain the confidentiality of the information.

g) The fund manager must, upon approval of the replacement fund manager to manage the fund and transfer of the fund management to it, send a written consent of the replacement fund manager to the Authority as soon as it is received.

h) If the Authority exercises its power pursuant to paragraph (a) of this Article, the relevant fund manager shall cooperate fully in order to help facilitate a smooth transfer of responsibilities to the replacement fund

manager during the initial (60) day period after the appointment of the replacement fund manager. The Fund Manager must where necessary, appropriate and at the Authority its absolute discretion, transfer all of the contracts relating to the relevant real estate investment fund to the replacement fund manager.

i) Unitholders are entitled to request the liquidation of the fund by a special fund resolution in the event that a replacement fund manager has not been appointed within the period for search and negotiation stipulated in paragraphs (c) and (d) of this Article

f - Material Conflicts of Interest

As of the date on which these Terms and Conditions are prepared, there are no transactions involving material conflicts of interest between the Fund, the Fund Board and any third parties other than what is disclosed. The Fund Manager shall not have any interest in or claims against the Fund assets, except in its capacity as a Unitholder. Creditors of the Fund Manager shall not have any interest in any Fund assets.

g - Delegation of Third Parties

Except as provided in these Terms and Conditions, the Fund Manager has not to date delegated to any third party any tasks or authority in relation to the activities of the Fund.

i - Investment in the Fund

The Fund Manager will not subscribe in the Initial Offering and will not acquire Units on or after the Listing Date. However, the Fund Manager is permitted to obtain Units from time to time, provided the Fund Manager exits the Makkah properties in accordance with the Law of Real Estate Ownership and Investment by Non-Saudis. In addition, the Fund Manager shall also disclose in the Summary Financial Disclosure, any of its investments in the Fund as at the end of each fiscal year. If the Fund exits the Makkah properties, the Fund's Terms and Conditions will be amended to allow non-Saudis to subscribe in MEFIC REIT Fund.

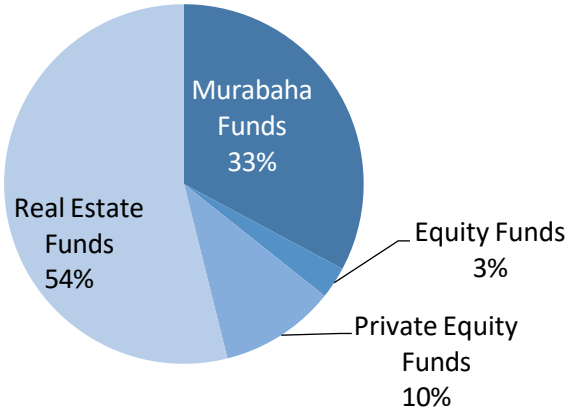
j - About the fund manager

MEFIC Capital is a company specialized in investment banking, headquartered in Riyadh, Saudi Arabia. It provides asset management services, advisory services, corporate financing, and custody services, retail and wholesale. The Company employs 45 employees, with a 71% Saudization ratio. The services provided by MEFIC Capital are divided into two categories:

- **Investment Services**

MEFIC Capital assets under management as at the end of 2017 totalled around SAR 1.8 billion, diversified by asset class as follows:

Distribution of Assets Under Management by Asset Class



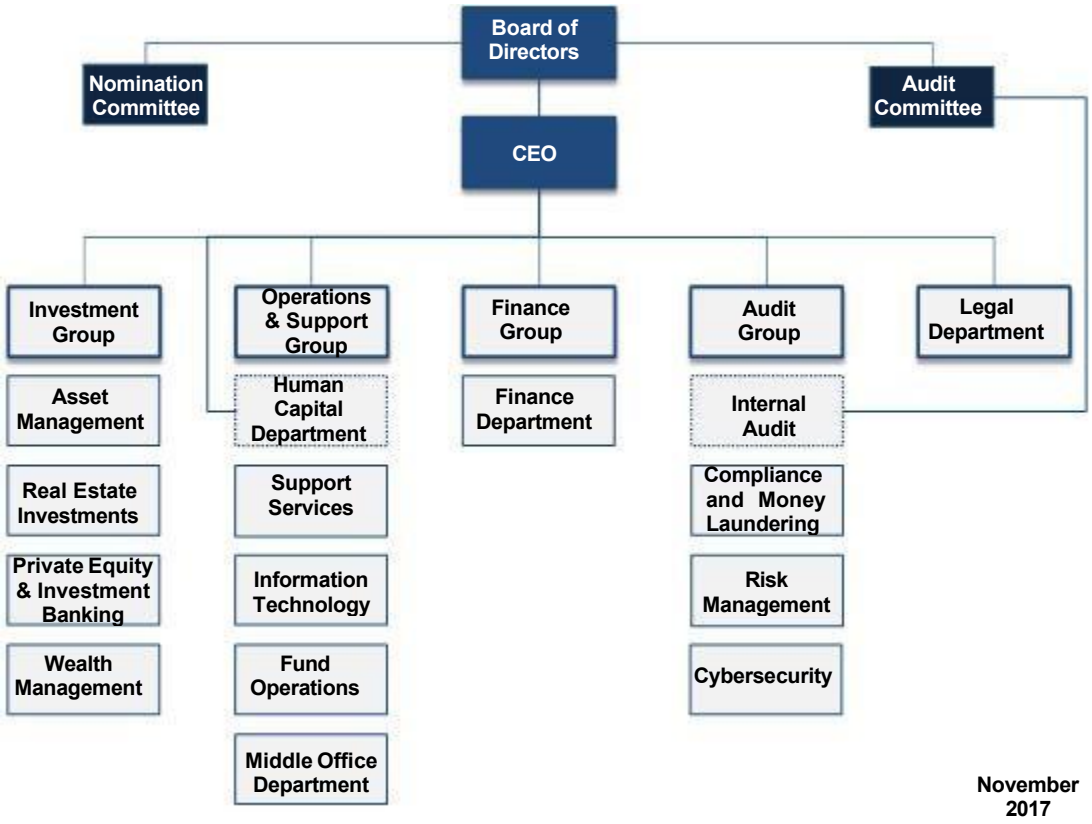
The assets are managed by the Asset Management Department or the Real Estate Funds Department.

▪ **Advisory Services**

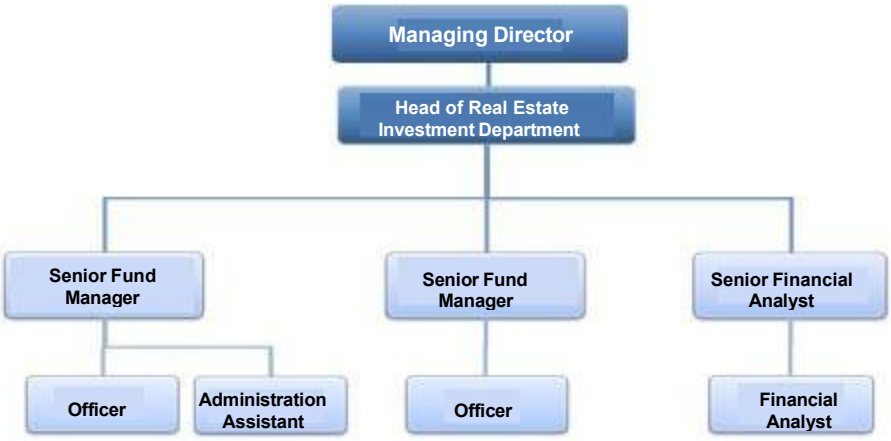
MEFIC Capital provides investment banking services, including the following:

- Capital markets (public offerings and rights issues)
- Mergers and acquisitions

Fund Manager's Organization Chart:



Real Estate Investment Department Organization Chart



20. Legal Advisor

Not Applicable

21. Custodian

a- name and address:

Name: Albilad Capital
Address: Smart Tower, 1st Floor
Intersection of King Fahad Road and Tahlia Road
P.O. Box 140
Kingdom of Saudi Arabia
Website: www.albilad-capital.com

b – Custodian responsibilities

The Custodian is licensed by the CMA as an "Authorized Person" pursuant to license no. 1010240489. The Custodian will form one or more Saudi Arabian limited liability companies (each an "SPV") to hold title to the assets of the Fund. Such structure shall maintain tax efficiency and regulatory compliance and provide maximum legal protection for investors. The Custodian shall not have any interest in or claims against the Fund assets, except in its potential capacity as a Unitholder. Creditors of the Custodian shall not have any interest in any Fund assets.

The Custodian may appoint a sub-custodian outside the Kingdom of Saudi Arabia to hold the Fund's investments abroad, provided the sub-custodian is regulated by a regulatory authority with a regulatory standards at least equal to what is applied by the CMA. The Fund may receive financing from one or more financial institution, in which case, the Fund's assets may be pledged to the benefit of the financier in accordance with the terms and conditions of the financing documents.

The Custodian's functions are as follows:

(a) Maintaining the Fund's records and other supporting documents.

(b) Maintaining detailed and accurate records on changes in ownership of the assets.

(c) Undertaking to segregate the Fund's assets from the Custodian's other assets as required under Part (7) of the Authorized Persons Regulations, to take necessary action to achieve this purpose.

(d) Handing over to the Fund Manage or any designate of the Fund Manager any of the following immediately upon request and within two business days: (i) copies of the title deeds of the assets; (ii) copies of the memorandum of association and commercial registration of the special purpose vehicle; (iii) copies of any documents received by the Custodian in the course of registering the assets in the name of the special purpose vehicle; (4) statement of account showing the banking transactions in the accounts of the special purpose vehicle.

(e) Providing the Fund Manager with a copy of any document related to the assets immediately upon receipt from any third party.

(f) Cooperating fully with the requests of the Auditors and other Fund Advisors and the Fund Manager.

(g) Ensuring the execution of buying and selling transactions on Tadawul.

(h) Sending a report on gains and collecting gains which are due and payable.

(i) Dispatching buy and sell reports, portfolio statements, investment account statement and statement of executed translations on a daily basis.

(j) Following up with Tadawul to ensure the processing of buy and sell transactions.

(k) Providing services during market sessions and business hours to request reports or transactions in the portfolio and the investment account.

(l) Transferring funds and title deeds upon the request of the Fund Manager only, or any other person appointed by the Fund Manager in accordance with written instructions received by the Custodian from the Fund Manager.

(m) Opening a bank account in the name of the Fund Manager with a local bank.

c - Until the preparation of these terms and conditions, the custodian has not assigned a third party to carry out the custodian's work or part of its work. In the event the custodian assigns a third party, the unit holders and the Capital Market Authority will be notified.

d- Provision governing the removal/replacement of the custodian

a. The custodian appointed by the fund manager of an investment fund shall be subject to removal by written notice by the fund manager of that investment fund upon the fund manager forming the reasonable opinion that the removal is for the interest of the unitholders, the fund manager shall notify the Authority and the unitholders in writing immediately.
b. Upon removal of the custodian under a written notice issued under paragraph (a) of this Article, the fund manager must appoint a replacement custodian within (30) days of such notice. The removed custodian must co-operate fully with the fund manager in order to facilitate a smooth transfer of responsibilities to the replacement custodian, and must transfer, where necessary and applicable, all contracts related to the relevant real estate investment fund to the replacement custodian
c. The fund manager must immediately disclose on its website and the Exchange's website or any other website available to the public according to the controls set out by the Authority (where applicable) the appointment of a replacement custodian for the real estate investment fund.
d. A traded fund shall be exempted from the requirement to notify unitholders in writing, stipulated in paragraph (a) of this Article, provided that the announcement of such is made on the fund manager's website and the Exchange's website

22. The Company that carries our property managements

a- Companies that carry out property management for MEFI REIT:

- Sustainable property. Address: Jedda – Prince Sultan Road
- Value Experts Company. Address: Riyadh – Yasmin Dis.

b- Its Duties:

- Managing tenants and following up on collections.
- Marketing for renting a building
- Follow up on all service providers' work and monitor their work.

23. Auditor

a- Name and Address:

Name: **Ibrahim Ahmed Al-Bassam (PKF)**
Address:
Riyadh – Prince Mohammed bin Abdulaziz
P.O. Box 69658
Riyadh 11557 – Kingdom of Saudi Arabia
Website: http://www.pkfalbassam.com/

The Fund Manager may replace the Fund's Auditor from time to time, subject to the Fund Board's approval. The Unitholders and the CMA shall be notified upon such change.

b- Auditor Responsibilities:
The tasks, responsibilities and duties of the certified accountant are to prepare, present and review the interim and annual financial statements and to certify the annual statements in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.

24. Financial Statements

The Fund's financial year ("Financial Year" or "Fiscal Year") shall be from January 1 to December 31 each year, except for the first financial year of the Fund which shall commence on the Closing Date until 31 December 2018.

Financial statements of the Fund will be prepared by the Fund Manager on both a semi-annual basis (unaudited) and an annual basis (audited) in accordance with the applicable standards set by the Saudi Organization of Certified Public Accountants (SOCPA) and any amendments from time to time. The annual financial statements shall be audited by the Fund's Auditor. Financial statements of the Fund will be reviewed by the Fund Board and made available to the CMA as soon as they are approved and made available to Unitholders within a maximum of 25 days from the end of the period covered by unaudited financial statements and 40 days from the end of the period covered by audited financial statements, by publishing them on the Fund Manager's and Tadawul's websites.

25. Conflicts of Interest

A conflict of interest may exist or arise from time to time between the Fund on the one hand and the Fund Manager or its affiliates, subsidiaries, directors, managers, officers, employees and agents on the other hand, as well as the other funds sponsored or managed by them. In the event the interests of the Fund Manager conflicts materially with the interests of the Fund, then it shall fully disclose such conflict of interest to the Fund Board as soon as possible. The Fund Manager and the Fund Board shall endeavor to resolve any conflict of interest with wisdom and in good faith, taking into consideration the best interest of Unitholders and affected parties as a whole.

The Fund Manager has initially identified the following potential conflicts of interest:

1) Similar Investments Managed by MEFIC Capital

The Fund Manager, MEFIC Capital, currently manages two closed-ended private development funds in Riyadh and four income generating funds including a public fund. No conflict of interests exists at present.

In the event of a conflict of interest with similar funds managed by MEFIC Capital, such conflict shall be disclosed.

2) Conflict of Interest Regarding Transactions with the Fund Manager and its Affiliates

The Fund may engage in transactions with the Fund Manager or its affiliates or other entities in which MEFIC Capital has a direct or indirect interest. For example, certain affiliates of MEFIC Capital may provide services to the Fund such as administrative services. All transactions between the Fund and the Fund Manager, its affiliates and entities in which MEFIC Capital holds a direct or indirect interest will be disclosed by the Fund Manager to the Fund Board.

However, the Fund Manager and Fund Board shall use their good faith commercially reasonable efforts to cause the terms of the agreements between the Fund Manager and its affiliates, on the one hand, and the Fund, on the other hand, to be prepared on an arm's length basis and be in line with market standard terms.

3) Transactions with Operators and Lessees

As at the date of these Terms and Conditions, there is no conflict of interest between the Fund Manager or any of its affiliates and the property operators and lessees.

4) Fund Board

The Fund Board will oversee the resolution of conflicts of interests. As of the date of these Terms and Conditions, the Fund Board is composed of appointees of the Fund Manager. The members of the Fund Board have fiduciary duties to the investors under the Real Estate Investment Fund Regulations and will use their best efforts to resolve all conflicts by exercising their good faith judgment as they consider appropriate.

5. Related Party Transactions

The Fund may from time to time enter into transactions with Related Parties and affiliates to provide services to the Fund. Such transactions must be disclosed to the Fund Board and shall be on market standard terms. In case a Related Party or an affiliate, including another fund established by the Fund Manager, wishes to enter into a transaction with the Fund or the Fund Manager, it shall first obtain the approval of the Fund Board. If an asset is bought from or sold to a Related Party or an affiliate by the Fund, the purchase price paid or received by the Fund must be consistent with independent valuations.

The foregoing does not purport to be a complete or exhaustive explanation and summary of all the potential conflicts of interest involved in an investment in Units in the Fund. It is strongly recommended that all potential investors seek independent advice from their own professional advisors.

26. Reporting to Unitholders

The Fund Manager shall, via mail or electronic means, report and disclose the following information to the CMA and Unitholders without any delay:

1) Any material developments within the scope of its activity which is not in the public domain, and which may affect the Fund's assets, liabilities, financial positions, general course of its business or any change affecting the Fund's status or leading to the voluntary withdrawal of the Fund Manager from its assignment as Fund Manager, and may reasonably lead to a change in the price of the listed Unit, or significantly affect the Fund's ability to fulfill its debt instruments related obligations.

2) Any transaction to purchase, sell, lease or mortgage a Fund asset at a price equal to or greater than 10% of the Fund's Total Asset Value in accordance with the latest examined interim financial statements or audited annual financial statements, whichever is more recent.

3) Any losses equal to or greater than 10% of the Fund's Net Asset Value; according to the latest examined interim financial statements or audited annual financial statements, whichever is more recent.

4) Any changes in the composition of the Fund Board or committees (if any).

5) Any dispute, including any litigation, arbitration or mediation where the value involved is equal to or greater than 5% of the Fund's Net Asset Value according to the latest examined interim financial statements or audited annual financial statements, whichever is more recent.

6) The increase or decrease in the Fund's NAV, that is equal to or greater than 10% according to the latest audited financial statements.

7) Any transaction between the Fund and a Related Party or any arrangement through which the Fund and a Related Party invest in any project or asset or provide financing thereto in an amount equal to or greater than 1% of the Fund's gross revenue according to the latest audited annual financial statements.

8) Any interruption in the Fund's core activities equal to or greater than 5% of the gross revenues according to the latest audited annual financial statements.

9) Any change in the Fund's Auditor.

10) Any appointment of a replacement custodian for the Fund.

11) The passing of any judgment, decision, order or declaration by a court or judicial entity, whether at first instance or at appeal, which may adversely affect the Fund's utilization of any portion of its assets that represents in aggregate a value exceeding 5% of the Net Assets Value according to the latest examined financial statements or audited annual financial statements, whichever is more recent.

12) Any suggested change to the Fund's capital.

Semi Annual Reports

In addition to the foregoing, the Fund Manager shall disclose the following information at least once every six months:

- Any amendment in the Terms and Conditions.

- Any material development or change affecting the Fund's operations.

- Amounts distributed to Unitholders.

Annual Reports

The Fund Manager shall prepare annual reports to Unitholders including the following information:

1) Assets in which the Fund invests.

2) Assets which the Fund is targeting to invest in.

3) An illustration of the leased and un-leased properties in relation to the total assets held by the Fund;

4) A comparative illustration covering the Fund's performance over the last three fiscal years (or since inception of the Fund) explaining the following:

- The Fund's Net Asset Value at the end of each fiscal year.
- The Net Asset Value of the Fund per Unit at the end of each fiscal year.
- The highest and lowest Net Asset Value of the Fund per Unit for each fiscal year.
- The number of issued Units at the end of each fiscal year.
- The distribution of income per Unit.
- The expenses incurred by the Fund.

5) A performance record showing the following:

- The total return for one, three and five years (or since inception of the Fund).

- The total annual return for each year of the past ten financial years (or since inception of the Fund).

- A schedule listing the services costs, commissions and fees paid by the Fund to third parties during the year. Full disclosure shall be also included for the total expenditures and the conditions (if any) in which the Fund Manager waives or reduces the payment of any fees.

6) If fundamental changes have occurred during the relevant period which affected the performance of the Fund, they shall be clearly disclosed.

7) The Fund Board's annual report including, but not be limited to, the topics discussed and the decisions taken therefor, including the issues related to the performance of the Fund and its achievement of its objectives.

8) A statement on the special commissions obtained by the Fund Manager during the relevant period, stating clearly the purpose of such commissions and how they are utilized.

9) Any amendments to the Terms and Conditions.

27. Meetings of the Unitholders

(1) The Fund Manager may, at its choice, call for a meeting of Unitholders.

(2) The Fund Manager must call for a meeting of Unitholders within 10 days from receiving a written request to that effect from the Custodian.

(3) The Fund Manager shall call for a meeting of Unitholders by announcing the invitation on its website and that of Tadawul, and by sending a notice in writing to all Unitholders and the Custodian giving a minimum of 10 days' notice and a maximum of 21 days' notice of the meeting. The announcement and notice must specify the date, place and time of the meeting and the proposed agenda. The Fund Manager must at the same time as sending a notice to Unitholders regarding any meeting, provide a copy of any such notice to the CMA.

(4) The Fund Manager must call for a meeting of Unitholders within 10 days of receiving a written request from a Unitholder or more who individually or collectively hold at least 25% of the Fund Units.

(5) The quorum required to hold a meeting of the Unitholders shall be such number of Unitholders holding collectively at least 25% of the value of the Fund Units.

(6) If the quorum requirements set out in paragraph (E) above are not met, the Fund Manager shall call for a second meeting by announcement on its website and that of Tadawul and shall send a notice in writing to all Unitholders and the Custodian giving not less than 5 days' notice of the second meeting. At the second meeting, any number of Unitholder(s) holding any number of Units present in person or represented by a proxy shall be deemed to satisfy quorum.

(7) Every Unitholder shall be entitled to appoint a proxy to represent such Unitholder at a meeting of the Unitholders in the form provided herewith in Appendix (E).

(8) Each Unit held by a Unitholder shall represent one vote at the meeting of Unitholders.

(9) The Unitholders meetings and their deliberations and voting on decisions may be conducted through technology means in accordance with the controls set out by the CMA.

(10) A resolution of the Unitholders shall be enforceable subject to the consent of Unitholders owning 50% of the total Fund Units attending the meeting whether in person, proxy or via technology means.

28. Rights of the Unitholders

Unitholders shall be entitled to exercise all their rights specified in these Terms and Conditions, including the call to convene a meeting of the Unitholders if the call is sent by Unitholders who collectively hold at least 25% of the Fund Units. The Fund Manager also declares that the Unitholders are entitled to vote on matters raised in the Unitholders' meetings. Any "fundamental change" in the Fund requires the majority vote of Unitholders who collectively hold more than 50% of the Units represented in the meeting. The Unitholder who has an interest in the resolutions to be made, shall be excluded from voting in the meeting.

The rights of the Unitholders provided for herein, include the following:

(1) Attending Unitholders meetings and voting during the meetings.

(2) Voting in relation to any suggested fundamental change to the Fund, which shall include the following:

- Significant change in the nature of the Fund or its investment objectives.
- A change that may have an adverse and material effect on the Unitholders or their rights with respect to the Fund.
- A change that has an impact on the Fund's risk profile.
- An increase in the Capital of the Fund.

(3) Subscribing to rights issuances and accepting in-kind contributions related to increasing the Fund's Capital;

(4) Receiving dividends according to these Terms and Conditions; and

(5) Receiving regular reports and updates according to these Terms and Conditions.

Except as expressly set forth in this paragraph, the Unitholders do not have any rights in relation to the Fund.

29. Other Information

1. Know Your Customer (KYC) Requirements

As a CMA Authorized Person, the Fund Manager is obliged to comply with certain Know Your Customer (KYC) requirements in respect of admitting Unitholders into the Fund. In compliance with the applicable CMA regulations, each Unitholder shall provide the Fund Manager with certain information and documents, as requested by the Fund Manager, in order to satisfy certain Know Your Customer (KYC) requirements. The Fund Manager shall be responsible for all Know Your Customer (KYC) procedures and requirements during the Initial Offering Period until the Closing Date while Tadawul shall handle all Know Your Customer (KYC) procedures and requirements commencing on the Listing Date.

2. Administrator

Name:	MEFIC Capital
Address:	MEFIC Tower, 7th Floor King Fahad Road Riyadh 13524 Kingdom of Saudi Arabia
Website:	www.MEFIC.com.sa

The administrator shall be responsible for processing subscription applications and investor KYC documentation, updating the Unitholder register and preparing Unitholder notifications during the Initial Offering Period. The administrator shall also be responsible for calculating the Unit Net Asset Value.

Property Manager

The Fund Manager shall appoint a property manager for each or some of the properties. The property manager shall be responsible for the administrative affairs of the properties, including the development of management rules and policies, the constant follow-up of the property and the affairs of its lessees, the follow-up of collection of rents, the follow-up of periodic maintenance and the effective use of property to optimize returns. The Fund Manager may replace the property manager from time to time based on the property manager's performance and subject to the contract signed between the Fund and the property manager to effectively use the property and generate best returns. For the avoidance of doubt, the Fund Manager may appoint one of its affiliates or an affiliate of the original owner as property manager for one or more of the Fund's assets. The property manager may also be the lessee of a property, as in the case in respect of the Initial Real Estate Assets.

Other Service Providers

The Fund Manager may from time to time engage additional advisors and other third party service providers in relation to one or more assets, including, but not limited to developers, facilities managers, project managers, contractors, architects, designers, legal advisors, etc. This outsourcing activity shall be made pursuant to an agreement negotiated on an arm's length basis.

Material Contracts

- *Property Purchase Agreements*: The Fund has entered into one agreement to buy the Initial Real Estate Assets for a sum total of SAR 1,199 million.

- *Property Management Agreements*: The Fund has appointed Almaqsd Real Estate Dev. Co. as the property manager for the commercial mall in Riyadh, the Dhiyapha Building, and Plaza 1 Building, and appointed Sustainable Property Company for the Andalus Building in Jeddah..

- *Custodian Agreement*: The Fund has appointed Albilad Capital pursuant to an agreement for custody of the Fund's assets through special purpose vehicles.

- *Auditor Agreement*: The Fund has appointed Ibrahim Ahmed Al-Bassam (PKF) as the Fund Auditor.

- *Legal Advisor Agreement*: The Fund has appointed Alsalem Law Botique as the legal advisor for the fund

30. Additional Information Requirements for Certain Types of Funds

Not Applicable

31. Shari'a Committee

a- The Shariyah Review Bureau W.L.L. was appointed by the Fund Manager as Shari'a Advisor to oversee, advise and certify the Fund's compliance with Shari'a principles. The Shariyah Review Bureau operates in the Middle East, employing a network of 31 Shari'a advisors worldwide to cover markets where Dhari'a compliant activities are concentrated, including for example: Malaysia, Saudi Arabia, Algeria, Egypt, Qatar, UAE, Sudan and Bahrain.

- The Shariyah Review Bureau licensed by the Central Bank of Bahrain to provide Shari'a review services, structuring, review and certification (Fatwa), and Shari'a supervision. The Shari'a Advisor who reviewed the Fund is Sheikh Ismail Desai. SRB will carry out the Shari'a supervision and annual review If the Fund's operations and agreements to assure the Board of Directors that the Fund's operations and investments are Shari'a compliant. Following is a brief profile of the Shari'ah Advisor in charge of supervision of the Fund:

- Sheikh Ismail Ibrahim Desai:

  Sheikh Ismail Desai currently services as a Shari'a Advisor to several Islamic financial and educational institutions worldwide, as well as a number of Islamic banks and investment institutions.

  Sheikh Ismail developed many Shari'a audit, governance and risk management standards for Islamic financial institutions, and issued a number of specialized jurisprudence opinions (fatwas) with particular emphasis on Islamic Finance and Economy.

  Sheikh Ismail attended and participated as a keynote speaker in international conferences, and participated in the creation of the first Shari'a compliant model for loans, organized financing and currency trading.

Education:

- Master in Islamic Finance and Banking
- Master in Islamic Jurisprudence

Address of the Shari'a Advisor:

- Shariyah Review Bureau W.L.L., P.O. Box 21051, Manama, Kingdom of Bahrain

b- The Shari'a Advisor shall conduct annual reviews of the Fund so as to confirm to the Fund Board that the Fund's operations and investments are in line with the following Shari'a principles:

- The financing of the acquisition/development of the properties shall be in compliance with Shari'a guidelines.
- The investing of cash/liquidity shall be in instruments which are compliant with Shari'a guidelines.
- The insurance coverage of the properties shall in in compliance with Shari'a guidelines.
- All Fund related contracts and agreements shall be presented to the Shari'a Advisor to ascertain compliance with Shari'a guidelines before they are executed.

c- The Fund will pay the Shariah an annual fee of 12,500 Saudi riyals, subject to change

32. Concerning amendments to the Terms and Conditions

Not Applicable

33. Concerning amendments to the Terms and Conditions

The Fund Manager may amend the Fund's Terms and Conditions after obtaining the approval of the Fund Board and the CMA, Shari'a Committee and subject to the consent of the majority of Unitholders.

The Fund Manager shall provide updated Terms and Conditions to the CMA and the Custodian within 10 (ten) days from the date of any change.

The Fund Manager shall announce on its website and on Tadawul's website, any details related to fundamental changes to the Terms and Conditions, 10 (ten) days prior to the effective date of any change.

The Fund Manager shall publish a copy of the Terms and Conditions on its website and on Tadawul's website, and must also announce any updated Terms and Conditions on its website and on Tadawul's website, within 10 (ten) days from the date of introducing any updates, including the annual update of the Fund's performance.

The Fund Manager shall also submit to the CMA within 10 (ten) days after the Offering Closing Date, a statement showing the results of the Offering, and shall disclose them on the Fund Manager's website.

34. Fund Manager's Declarations

The Fund Manager declares that the Terms and Conditions of MEFIC REIT Fund were prepared in accordance with the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions issued by the Saudi Arabian Capital Market Authority (CMA).

The Fund Manager declares that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no other facts the exclusion of which from this document would render any statement herein misleading. The Capital Market Authority (CMA) and the Saudi Stock Exchange do not bear any responsibility for the contents of these Terms and Conditions.

The Fund Manager declares that the property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the property, and that the property is technically sound and free of any major engineering defects or faults which may prevent, or cause the prevention of, the use or operation of the building, or may in turn cause costly major repairs and changes.

The Fund Manager declares that there is no direct / indirect conflict of interest between any of the following:

- Fund Manager.
- Property Manager(s) related to the Fund.
- Property Owner(s) related to the Fund.
- Lessee(s) of real estate assets with returns constituting 10% or more of the Fund's annual rental returns.

The Fund Manager declares that all transactions with counterparties were carried out legally and on appropriate and fair trade terms, and will not in any way adversely affect the performance of the Fund and its Unitholders.

The Fund Manager declares that all the members of the Fund Board were not subject to any bankruptcy or insolvency adjudication or bankruptcy or liquidation proceedings, and that they have not previously committed any fraudulent acts, crimes of honor or activities which involves a fraud, and also have not previously committed any violation which involves a fraud or an act against honesty and integrity, and that they have the required skills and expertise which qualify them for sitting on the Fund Board.

The Fund Manager declares that the independent directors are compliant with the "Independent Fund Director" definition contained in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, and that this will be applied to any independent director appointed by the Fund Manager throughout the Fund Term.

The Fund Manager declares that there business activity or significant interest of the Board of Directors of the Fund Manager, MEFIC Capital, which may be in conflict with the interests of the Fund.

The Fund Manager declares that it did not grant any commissions, discounts, brokerage fees, or cash or non-cash consideration to any Fund inside or external party other than what is stated in the Terms and Conditions.

The Fund Manager declares that there are no events of conflict of interest which may affect the Fund Manager's performance of duties to the Fund.

The Fund Manager declares that there are no fees other than what is stated in the Schedule of Fees and Charges contained in these Terms and Conditions.

The Fund Manager declares that the Fund will not be listed unless and until the transfer of the title of the property to the Fund is completed. In the event this is not completed within the period specified in these Terms and Conditions, all the Subscription Amounts shall be returned to the investors.

The Fund Manager declares that no member of the Board of Directors may have a direct or indirect interest in the activities and contracts executed in favour of the Fund. The Fund Manager will require the Board members to inform the Board of their direct or indirect personal interests in the business and contracts conducted to the benefit of the Fund, with such information reflected in the minutes of meeting. The Fund Manager shall ensure that the member concerned does not participate in any voting on resolutions issued in this respect.

The Fund Manager declares that all the Fund-related contracts and agreements which may affect the decisions of investors regarding subscription in the Fund, were disclosed, and that there are no contracts and agreements other than those contained in the Terms and Conditions.

The Fund Manager declares that Unitholders are entitled to vote on the issues presented to them at the Unitholders' meetings. In addition, the approval of the majority of Unitholders holding more than 50% of the total Fund Units, the holders of which are present at the meeting, shall be obtained in respect of making any fundamental change to the Fund, including the following:

(1) Any material change in the Fund's objectives;

(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) Any increase in the Fund's capital.

The Fund Manager declares that, to the best of its knowledge and belief, and after taking reasonable due care, it will take all the steps required to serve the best interest of Unitholders. The Fund Manager and its directors, managers, officers, employees, agents and advisors, as well as the subsidiaries, the Custodian, the Shari'a Advisor and the Fund Board, will take reasonable due care and diligence and act in good faith in order to serve the best interest of Unitholders. However, the Fund may be subject to losses of any kind whatsoever as a result of any unintentional conduct on the part of any of the mentioned parties in respect of their management of the affairs of the Fund. At this point those parties will not hold any responsibility for such losses, provided they have acted in good faith – good faith is proven in the event there are no conducts, decisions or correspondence indicating that they had knowledge of the negative results of such action – and in such a way that is believed to optimally serve the interest of the Fund, and provided such action does not entail a gross negligence, fraud or wilful misconduct.

The Fund Manager declares that the current owners and major lessees of the properties are not subject to any liens or attachments on their properties or accounts.

Other Declarations of the Fund Manager

- The Fund Manager declares that the Terms and Conditions of MEFIC REIT Fund were prepared in accordance with the Real Estate Investment Funds Regulations and the Real Estate Investment Traded Funds Instructions issued by the Saudi Arabian Capital Market Authority (CMA).

- The Fund Manager declares that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no other facts the exclusion of which from this document would render any statement herein misleading. The Capital Market Authority (CMA) and the Saudi Stock Exchange do not bear any responsibility for the contents of these Terms and Conditions.

- The Fund Manager declares that the property is free and clear of any legal violations which may prevent, or cause the prevention of, the use or operation of the property, and that the property is technically sound and free of any major engineering defects or faults which may prevent, or cause the prevention of, the use or operation of the building, or may in turn cause costly major repairs and changes.

- The Fund Manager declares that all the notes contained in the reports, whether from a technical or legal aspect, have been disclosed in the Fund's Terms and Conditions.

- Except as otherwise provided in Paragraph (f) of Clause (1) "General Description of Real Estate Assets to be Acquired by the Fund", the Fund Manager declares that there is no direct / indirect conflict of interest between any of the following:

  - Fund Manager.
  - Property Manager(s) related to the Fund.
  - Property Owner(s) related to the Fund.
  - Lessee(s) of real estate assets with returns constituting 10% or more of the Fund's annual rental returns.

- The Fund Manager declares that all transactions with counterparties were carried out legally and on appropriate and fair trade terms, and will not in any way adversely affect the performance of the Fund and its Unitholders.

- The Fund Manager declares that all the members of the Fund Board were not subject to any bankruptcy or insolvency adjudication or bankruptcy or liquidation proceedings, and that they have not previously committed any fraudulent acts, crimes of honor or activities which involves a fraud, and also have not previously committed any violation which involves a fraud or an act against honesty and integrity, and that they have the required skills and expertise which qualify them for sitting on the Fund Board.

- The Fund Manager declares that the independent directors are compliant with the "Independent Fund Director" definition contained in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, and that this will be applied to any independent director appointed by the Fund Manager throughout the Fund Term.

- The Fund Manager declares that there business activity or significant interest of the Board of Directors of the Fund Manager, MEFIC Capital, which may be in conflict with the interests of the Fund.

- The Fund Manager declares that it did not grant any commissions, discounts, brokerage fees, or cash or non-cash consideration to any Fund inside or external party other than what is stated in the Terms and Conditions.

- The Fund Manager declares that there are no events of conflict of interest which may affect the Fund Manager's performance of duties to the Fund.

- The Fund Manager declares that there are no fees other than what is stated in the Schedule of Fees and Charges contained in (P) of these Terms and Conditions.

- The Fund Manager declares that the Fund will not be listed unless and until the transfer of the title of the property to the Fund is completed. In the event this is not completed within the period specified in (L) of these Terms and Conditions, the approval of the majority of the Unitholders will be obtained to extend the period. However, if they do not approve, all the Subscription Amounts shall be returned to the investors.

- The Fund Manager declares that no member of the Board of Directors may have a direct or indirect interest in the activities and contracts executed in favour of the Fund.

- The Fund Manager declares that all the Fund-related contracts and agreements which may affect the decisions of investors regarding subscription in the Fund, were disclosed, and that there are no contracts and agreements other than those contained in the Terms and Conditions.

- The Fund Manager declares that Unitholders are entitled to vote on the issues presented to them at the Unitholders' meetings. In addition, the approval of the majority of Unitholders holding more than 50% of the total Fund Units, shall be obtained in respect of making any fundamental change to the Fund, including the following:

    - Any material change in the Fund or the nature of the Fund;
    - Any change which may have a material adverse effect on Unitholders or their rights in respect of the Fund;
    - Any change which may impact the Fund's risk profile;
    - Any increase in the Fund's capital.

- The Fund Manager declares that, to the best of its knowledge and belief, and after taking reasonable due care, it will take all the steps required to serve the best interest of Unitholders. The Fund Manager and its directors, managers, officers, employees, agents and advisors, as well as the subsidiaries, the Custodian, the Shari'a Advisor and the Fund Board, will take reasonable due care and diligence and act in good faith in order to serve the best interest of Unitholders. However, the Fund may be subject to losses of any kind whatsoever as a result of any unintentional conduct on the part of any of the mentioned parties in respect of their management of the affairs of the Fund. At this point those parties will not hold any responsibility for such losses, provided they have acted in good faith – good faith is proven in the event there are no conducts, decisions or correspondence indicating that they had knowledge of the negative results of such action – and in such a way that is believed to optimally serve the interest of the Fund, and provided such action does not entail a gross negligence or wilful misconduct.

- The Fund Manager declares that the current owners and major lessees of the properties are not subject to any liens or attachments on their properties or accounts.

- The Fund Manager declares that the creditworthiness and the activities of the master tenant of the real estate properties are in good order.

35. Governing Law

These Terms and Conditions shall form a legally binding contract between the Fund Manager and each Unitholder. Investing in the Fund is deemed an implicit consent to these Terms and Conditions. These terms and Conditions shall be governed by the laws and regulations in effect in the Kingdom of Saudi Arabia. The Fund and its investments shall at all times be in compliance with the laws and regulations governing real estate property ownership in the Kingdom, including the Law of Real Estate Ownership and Investment by Non-Saudis. The Fund manager indicate that the real estate investment traded fund and the fund manager are subject to the Capital Market Law and its Implementing Regulations as well as other relevant laws and regulations applicable in the Kingdom of Saudi Arabia, and that the competent judicial body to consider any dispute arising as a result of investing in a real estate investment traded fund is the Committee for Resolution of Securities Disputes.

X) Settlement of Disputes, Complaint Proceedings and Amendments to the Terms and Conditions

The Fund Manager and each investor will seek to resolve amicably any dispute arising out of or in connection with these Terms and Conditions and the matters contemplated herein. In the event that a dispute cannot be settled amicably, it may be referred by either party to the Committee for the Settlement of Securities Disputes established by the CMA.

Concerning Complaint Proceedings

If, during the Fund Term, a Unitholder has any questions or complaints relating to the operations of the Fund, such Unitholder should contact MEFIC Capital by email to: Compliance@MEFIC.com.sa, or by telephone on: 00966112186666.

If the complaint is not settled, or if an answer is not received within (**) business days, the subscriber may file the complaint with the CMA – Investor Complaints Department. The subscriber may also file the complaint with the Committee for the Settlement of Securities Disputes after 90 calendar days from the date of filing the complaint with CMA, unless the CMA notifies the complainant that the complaint may be filed with the Committee before lapse of that period.

Developer

The Fund's Initial Assets do not consist of any real estate development activities or real estate assets currently under development. As such, and in the event the Fund undertakes a real estate development project, the Fund Manager intends to appoint a developer on an independent arm's length basis.

Appendix (A) – Definitions

"Authorized Persons Regulations": Mean the regulations having the same name, which are issued by the CMA by Resolution No. 1-83-2005 dated 21/05/1426H (corresponding to 28/06/2005G), as amended from time to time;

"Business Day": Means any day on which banks are open for business in Saudi Arabia;

"Capital": Means the Subscription Amounts subscribed for by investors in the Fund, in cash or in kind;

"Closing Date": Refers to the same meaning set forth in Paragraph (F)(1) of these Terms and Conditions;

"CMA" or "Authority": Means the Saudi Arabian Capital Market Authority; The CMA is responsible for overseeing the regulation and development of the capital market, issuing regulations, rules and instructions as required to implement the provisions of the Capital Market Law for the purpose of providing an appropriate environment for investment in the market and boosting confidence therein, as well as ensuring adequate disclosure and transparency by joint stock companies listed on the Saudi Stock Exchange and protecting investors and securities dealers against illegal practices in the Exchange;

"MEFIC Capital": Means the Middle East Financial Investment Company (the Fund Manager);

"Fiscal Year": Refers to the same meaning set forth in Paragraph (R) of these Terms and Conditions;

"Full Repairing and Insuring Lease" or "FRI Lease": Means a lease contract whereby the lessee bears all the costs of repair, service liabilities and insurance, as well as the liability for payment of taxes, charges and fees incurred in respect of the property;

"Fund": Means MEFIC REIT Fund, a public Shari'a-compliant real estate investment traded fund managed by the Fund Manager;

"Fund Term": Means 99 years starting as from the Listing Date, renewable at the discretion of the Fund Manager following obtaining CMA's approval;

"Initial Real Estate Assets": Means certain assets to be acquired by the Fund within 30 Business Days after the Closing Date in accordance with the terms of the purchase agreements;

"Investment": Means any real estate asset wherein the Fund invests;

"Net Asset Value" or "NAV": Means the Net Asset Value of the Fund which is determined in accordance with Paragraph (U) of these Terms and Conditions;

"Offering" or "Initial Offering": Means the Initial Public Offering of Units in accordance with these Terms and Conditions;

"Public Unitholder": Means any Unitholder who is not one of the following:

1. Any Unitholder holding five percent (5%) or more of the Units; or
2. The Fund Manager and its affiliates; or
3. Member of the Fund Board;

"Real Estate Investment Funds Regulations": Mean the regulations having the same name, which are issued by the CMA by Resolution No. 1-193-2006 dated 19/06/1427H (corresponding to 15/07/2006G), as amended from time to time;

"Real Estate Investment Traded Funds Instructions": Mean the instructions related to the real estate investment traded funds, which are issued by the CMA by its Resolution No. 6-130-2016 dated 23/01/1438H (corresponding to 24/10/2016G);

"Related Party": Means any of the following: (a) the Fund Manager; (b) the Custodian; (c) a developer appointed by the Fund Manager; (d) any valuation company retained by the Fund to value the Fund's assets; (e) the Auditor of the Fund; (f) each member of the Fund Board; (g) any Unitholder holding more than 5% of the Fund's Units; (h) any individual or entity who controls, or is an affiliate of, one of the aforementioned parties; (i) any of the executive managers or any employees of the abovementioned parties;

"Retained Income": Means the amounts retained by the Fund after distributing not less than 90% of the Fund's annual net profits, excluding the profits resulting from the sale of the real estate assets and other real estate investments;

"Shari'a Committee ": Means the Shari'a Committee assigned by the Fund Manager to supervise the Fund's activities from Shari'a perspective;

"Shari'a Guidelines": Mean the Fund's Shari'a Guidelines as approved by the Shari'a Committee , Shariyah Review Bureau, upon which the eligibility for Investments is determined by the Fund, as set out in Appendix (D);

"Special Purpose Vehicle" or "SPV": Means a limited liability company established by the Custodian to hold title to the Fund's assets;

"Subscription Amount": Means the amount contributed by a Unitholder upon subscribing to the Fund;

"Tadawul": Means the Saudi Stock Exchange;

"Unit": Means a Unit in the Fund, which entitles its holder to a common interest in the Fund's assets;

"Unitholder": Means the investor who invests in one or more Units by holding it/them;

"Unit Price": Means the market price of each Unit as announced by Tadawul;

"Net Asset Value per Unit" or "Unit/NAV": It is an indicative value for each Unit calculated by dividing the Fund's Net Asset Value by the number of Fund Units;

"White Lands": Mean every vacant land allocated for the residential or mixed commercial residential use within the Kingdom's urban boundary limits.

Appendix (B) – Mandatory Donation of Differences of Distributions if Below Target

Mandatory Donation of Differences of Distributions if They Drop Below Target

In the event the return of the Fund drops below 5%, MEFIC Capital shall, of its own free will, donate not more than 2% of the return of MEFIC's own assets to the Unitholders investing in the Offering, in respect of the Units which are unsold since the commencement of the Offering. This donation shall continue for a period of 8 years, starting as from the date of listing of the Fund on the Exchange. It is worth mentioning that this advantage does not guarantee the Capital of the Fund, but only applies to cash distributions.

Conditions of Mandatory Donation of Differences of Distributions if They Drop Below Target

This advantage shall be given to shareholders subscribing to the Initial Offering who did not sell their Units in the Fund. This mechanism shall be applied on a pro rata basis, where each of the Units owned by the client and unsold since the commencement of the Offering shall enjoy this advantage, even if the client partially sells its subscribed Units. This advantage shall not apply to in-kind contributors to the Fund.

Appendix (C) – Owners of Companies Who Own the Properties

Pad Properties Nine Limited

Name of Shareholder	Percentage ownership (%)
Omniyat Middle East Real Estate Development Company	100%

Appendix (D) – Shari'a Guidelines

In the Name of Allah, the Merciful, the Compassionate

Shari'a Guidelines for the Fund's Investment in the Real Estate Assets

The Shari'a Committee believes that investment in real estate assets is permissible, subject to the following Guidelines:

1) <u>Shari'a Principles Related to the Fund Manager's Fees</u>

- The Fund Manager is entitled to receive Fees from the investor in return for its subscription, as they are a consideration for benefits permitted by Shari'a, whether these Fees are in the form of a lump sum or a percentage deducted out of the value of the purchased Unit, provided these Fees are provided for in the Terms and Conditions of the Fund.

- The Fund Manager is entitled to deduct performance incentives, which are additional fees required by the Fund Manager to be paid by the investor in the event the level of profits increases above a certain agreed upon cap, as they are part of the known Fees and do not lead to disputes, provided this percentage is determined and known to investors in the Terms and Conditions of the Fund.

2) <u>Shari'a Principles Related to Managing and Marketing the Fund</u>

- The Fund Manager shall expend all efforts to invest the funds of the Fund in the optimal and best interest of investors.

- The Fund Manager shall invest the funds of the Fund for the purpose for which the Fund was established, and it may not invest in anything other than what is stated in the Terms and Conditions of the Fund, unless and until notifying the investors thereof.

- The Fund Manager may provide for the profit rate expected to be obtained from subscription in the Fund based on a market study, provided this is done for the purpose of approximation and projection.

- The Fund Manager shall fully disclose all the expenses borne by the Fund.

- All of the Fund's documents, including contracts and other forms, shall be compliant with the Shari'a Principles and Guidelines.

- All of the agreements related to the Fund shall be presented to the Shari'a Committee for review and approval, before proceeding with signing them with other parties.

- The Fund Manager may not enter into any contract providing for payment or entitlement of usury (Riba), and may take legal action to obtain its entitlements.

3) Shari'a Principles Related to Leasing and Selling the Fund's Assets

- The Fund shall invest its funds in real estate projects which are permissible by Shari'a and do not involve usury (Riba).

- The Fund may not calculate any usury (Riba) in the event any party is in delay in paying its liabilities, and may take appropriate legal action to obtain its entitlements.

- The Fund Manager may lease the properties, provided it does not lease them to any person or entity engaged in an activity forbidden by Shari'a, such as leasing to banks involved in usury.

- The Fund Manager may not invest in properties in which the lessees' activities are concentrated on the following Shari'a forbidden activities:

    - Gambling.

    - Tobacco production.

    - Commercial insurance and usury financing institutions.

    - Any other non-compliant activities as determined by the Shari'a Committee .

- The Fund Manager may invest in properties leased to companies or persons who are not compliant with the aforementioned Principles, including banks, insurance companies, etc., provided that the rent collected from these entities represents 5% or less of the total rents collected from the property, subject to the following conditions:

    - Revenues collected from these entities are donated to charitable entities after obtaining the approval of the Shari'a Committee .

    - If the Fund Manager is able to replace the lessee whose activity is incompliant, with a lessee engaged in an activity compliant with the Shari'a Guidelines and Principles, without causing any damage to the Fund financially and legally, then the Fund Manager shall proceed with replacing the lessee after serving a 3-month written notice to it.

    - If the aforementioned action causes financial or legal damages to the Fund, in this case, the lessee shall be kept until the end of the lease term, and the contract shall not be renewed.

    - If the Fund Manager invests in a property with no lessees or with lessees engaged in activities compliant with the Shari'a Guidelines and Principles, the Fund Manager may not lease the property to a lessee with an activity not compliant with the Shari'a Guidelines and Principles, even if the income from this lessee is less than 5% of the total collected rents.

In the event the Fund invests directly in the shares of other traded real estate companies listed on the Saudi Stock Exchange "Tadawul", the Shari'a Guidelines for shares which are permissible by the Shari'a Committee , shall apply.

Appendix (E) – Proxy Form

I, [_____], a [_____] national, holder of ID/Passport No. [_____], [in my capacity as authorized representative of [_____] (the "Unitholder")], being the legal registered owner of [_____] Units for a value of [_____] in MEFIC REIT Fund (the "Fund"), do hereby appoint [_____], a [_____] national, holder of ID/Passport No. [_____], as [my/the Unitholder's] proxy in relation to the Fund Units, with authority to attend and vote at all Unitholders' meetings from the date hereof until otherwise determined or (until I am no longer a Fund Unitholder/until the Unitholder is no longer a Fund Unitholder).

IN WITNESS WHEREOF, this Proxy is signed on, and shall come into effect as of, [_____].

Name: _____

Signature: _____

Appendix (F) – Subscription Application Form

Subscription Form

Name of the Fund: **MEFIC REIT Fund**

A. Prime Subscriber:

Date:																					
	Name of the Investor:																				
Client's No.:								ID No.:													
Mobile:																					
Investment Account No.:																					
	Authorized Person:																				
	Address:																				

Individual	□	Governmental Entity	□	Charity	□
Company	□	Quasi-Governmental Entity	□	Other _____	□

B. Subscription Details*:

Number of Required Units (In Figures)	Units
Number of Required Units (In Words)	Units
Subscription Fees (In Figures)	SAR
Total Due and Payable Amount (In Figures)	SAR
Total Due and Payable Amount (In Words)	SAR

C. Payment Instructions:

□ We hereby agree to the deduction of the total due and payable amount out of our investment account

D. Details of the Share Portfolio in Which the Units will be Deposited:

Name of the Bank/Company:																					
Bank Account Number (IBAN):																					
Investment Account No.:																					
Portfolio No.:																					

E. Subscription of Family Members:

Family Members on behalf of which subscription is made and who are Included in the Family Book	Relationship	Civil Registration Number													
1-															
2-															
3-															
4-															
5-															
6-															
7-															
8-															
9-															

F. Investor's Acknowledgment:

We hereby acknowledge that we are a "Qualified Investor" as described in the Terms and Conditions of the Fund. By returning this Subscription Form back to MEFIC Capital, we confirm our final offer to subscribe for Units in MEFIC REIT Fund, which could be accepted in whole or in part by MEFIC Capital based on its own discretion as Fund Manager. We also acknowledge that we are legally competent and have the authority and power as required by law to sign this Subscription Application and own Units in accordance with the Terms and Conditions of the Fund. We further acknowledge that we have not, nor any of the individuals contained in this Application, previously applied for subscription for Units in the Fund, and that the Fund Manager has the right to reject all the applications in the event repeated

applications. We hereby apply for subscription in MEFIC REIT Fund in accordance with the Terms and Conditions which we have received, understood and signed expressing our acceptance thereof.

Investor's Signature / Authorized Signatory (For Corporates):	

I hereby apply for subscription in MEFIC REIT Fund based on the aforementioned. In reliance on the Terms and Conditions which I have received, read and understood, I sign expressing my acceptance thereof, and authorize you to debit from my investment account with you as aforementioned.

G. Signature of the Relationship Manager

Appendix (G) – Acknowledgement Letter

MEFIC REIT Capital

On this day _____, the undersigned acknowledges and agrees that he/it has read, understood and accepted the Terms and Conditions of MEFIC REIT Fund. The undersigned acknowledges and agrees that he/it is bound by the obligation of confidentiality as set forth in the Terms and Conditions, and that, upon his/its receipt of a signed copy of the Terms and Conditions from the Fund Manager and acceptance by the Fund Manager of this Acknowledgment Letter and the Subscription Form of the undersigned, he/it will be bound by the Terms and Conditions.

Individual Investors

Name of the Prime Investor:

Signature:

Address:

Email: Tel. / Mobile:

Corporate Investors

Authorized Signatory(ies):

Name:

Title:

Company's Stamp:

Address:

Email: Tel. / Mobile:

IN WITNESS WHEREOF, this Acknowledgment Letter has been accepted by the Fund Manager as of the abovementioned date.

Fund Manager

Name: Signature:
Title: Date:

Appendix (H) – Summary Financial Disclosure

Type of the Fund	Closed-ended real estate investment traded fund.
Subscription Fees	Subscription Fees of 2% of the Subscription Amount.
Management Fees	The Fund shall pay the Fund Manager Management Fees equal to 0.35% of the Fund's Net Asset Value.
Custody Fees	Custody fees shall be calculated annually based on the Fund's net asset value (NAV), subject to a minimum of SAR 12,500 per month. The applicable rate ranges from a minimum of 0.025% to a maximum of 0.050%, in accordance with the custody fee calculation schedule set out in Article 15.2.
Administrator Fees	The Administrator shall provide this service free of annual fees.
Auditor Fees	The Fund shall pay the Auditor annual Fees of SAR 55,000. These Fees may change from time to time.
Independent Directors' Remuneration	Each independent director shall receive SAR 5,000 per meeting, up to a maximum of SAR 20,000 per annum.
Tadawul Registration Fees	- SAR 50,000 plus SAR 2 per Unitholder, up to a maximum of SAR 500,000, payable to Tadawul in return for setting up the Unitholders' Register; and - SAR 400,000, payable to Tadawul in return for managing the Unitholders' Register. The value of these Fees varies from time to time depending on the value of the Fund's Capital.
Tadawul Listing Fees	The Fund intends to pay the following Listing Fees: - SAR 50,000, payable to Tadawul as Initial Listing Fees; - Fees of 0.03% of the market value of the Real Estate Investment Fund, subject to a minimum of SAR 50,000 and a maximum of SAR 300,000.
Costs of Transactions	The Fund shall bear all the Costs of Transactions, such as the cost of acquisition of any asset, costs of relevant studies and inquiry, Brokerage Fees, and financing, advisory and legal costs. Cost of Transactions shall not exceed 0.05% of the Fund's Net Asset Value per annum.
Fund Expenses	The Fund shall be liable for all the expenses attributable to its activities, investments and divestments. The Fund shall also be liable for all the other expenses related to the services provided by third parties, such as the legal, advisory, administrative, accounting, asset valuation and custody expenses, as well as the regulatory authorities' and the CMA's government costs, relevant insurance costs and other professional services expenses, in addition to the expenses of income purifications, if any. Such Expenses are expected not to exceed 0.50% of the Fund's Net Asset Value per annum.

Property Management Fees	Plaza 1: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Dhiyapha: A commission of 7% of the cash collected, in addition to administrative expenses of SAR 7,500 per month. The owner bears all operating expenses. Souq Sharq: A collection commission of 7% of the cash collected, in addition to administrative expenses of SAR 35,000 per month. The owner bears all operating expenses.Andalus Building in Jeddah: Collection commission: 9% of the Cash Collection , and the owner bears all the operating expense

Development Fees	N/A.
Fund Assets' Fees	The Fund shall bear all the costs of design, engineering, procurement, supervision, development and development management in respect of the properties. These Fees shall be calculated and paid out of the Fund's assets to relevant third party service providers.
Shari'a Committee Fees	The Fund shall pay the Shariyah Review Bureau annual Fees of SAR 12,500. These Fees are subject to change.

Appendix (I) – Example on Calculation of Recurring Fees

Example on Calculation of Recurring Fees (At fund listing)

Fees calculated based on the hypothetical subscription amount (SR 1 million), assuming that the Fund Size is SAR 1,230 million.

Subscription Amount (SAR)	**1,000,000**
Auditor (SAR 40 thousand)	33
Legal Advisor (SAR 275 thousand)	224
Valuation Fees (SAR 150 thousand)	122
Administrator and Shari'a Committee Fees (SAR 50 thousand)	41
Tadawul Publishing Fees (SAR 5 thousand)	4
CMA Regulatory Fees (SAR 7.5 thousand)	6
Listing Fees (SAR 300 thousand)	244
Registration Fees (SAR 400 thousand)	325
Total Assets less Expenses	**999.002**
Management Fees (0.35%)	3,497
Custody Fees (0.025%)	250
Total Annual Fees (SAR)	4,744
Ratio of Annual Fees to the Subscription Amount	0.47%
Net Return on the Fund's Investments before Fund Fees	7.97%
Net Return on the Fund's Investments After Fund Fees	7.50%
Investor's Net Annual Profit (SAR) (Other than Capital Gain depending on market conditions)	**74,968**

Majed Ruwaie
Head of Compliance & MLRO

Yasser AlHedaithy
MD & CEO