

الخبير الوقفي ا
Alkhabeer Waqf I



ALKHABEER WAQF FUND I

TERMS AND CONDITIONS

"An open-ended public Waqf investment fund;
all Fund Units are endowed to the benefit of the
Society of Majid Bin Abdulaziz for Development
and Social Services in Jeddah"

الخبير المالية
Alkhabeer Capital



TERMS AND CONDITIONS

A) Fund Name, Type and Class:

Alkhabeer Waqf Fund I

(An open-ended public Waqf investment fund; all Fund Units are endowed to the benefit of the Society of Majid Bin Abdulaziz for Development and Social Services in Jeddah)

Shari'a Certificate: AKC-991-101-07-12-18-01

B) Fund Manager:

الخبير المالية
Alkhabeer Capital



Alkhabeer Capital
Fund Manager

C) Representations and Clarification Statement:

- The Terms and Conditions of Alkhabeer Waqf Fund I were reviewed and approved by the Fund Board. The Fund Manager and the Fund Board members shall jointly and severally bear full responsibility for the accuracy and completion of the information contained in these Terms and Conditions. The Fund Board members and the Fund Manager acknowledge and confirm the validity and completeness of the information contained in these Terms and Conditions. They also acknowledge and confirm that the information and statements contained in these Terms and Conditions are not misleading.
- The Capital Market Authority (CMA) has approved the offering of the Units of Alkhabeer Waqf Fund I. The CMA does not bear any responsibility for the contents of the Terms and Conditions of the Fund, and does not make any representation as to their accuracy or completeness. Moreover, the CMA does not give any recommendation as to the feasibility of investing in the Fund, and its approval of the offering of the Units of the Fund may not be construed as a recommendation by the CMA to invest in the Fund. The CMA further emphasizes that the decision to invest in the Fund is the responsibility of the investor or the investor's representative.
- The General Authority for Awqaf (GAA) has approved the establishment of Alkhabeer Waqf Fund I on 29 Dhul Hijjah 1439, corresponding to 9 September 2018.
- Alkhabeer Waqf Fund I was approved as an investment fund compliant with the Shari'a Guidelines approved by the Shari'a Supervisory Committee appointed for the Fund.
- The Terms and Conditions of Alkhabeer Waqf Fund I and all other Fund documents are subject to the Investment Funds Regulations, and contain complete, clear, true and non-misleading information.
- The Fund's performance may be tracked in the Fund's reports published on the Fund Manager's website www.alkhabeer.com.
- Prospective investors are advised to read and understand the Terms and Conditions of the Fund. In the event of inability to understand the Fund's Terms and Conditions, we recommend seeking the advice of a professional advisor.
- **These Terms and Conditions were issued on 2 Ramadan, corresponding to 7 May 2019, and were updated on 6 November 2023.**

This document is only a translation of the Arabic version of the Terms and Conditions that was submitted to the Capital Market Authority. In case of any discrepancy between the English and Arabic version, the Arabic version will prevail. If the client desires to subscribe in the fund, they must sign the Arabic version of the Terms and Conditions approved by the Capital Market Authority.

This is the amended version of the Terms and Conditions of Alkhabeer Waqf Fund I which reflects the following changes:

Current Version	Proposed Version
<p>Summary of the Fund</p> <p>Zakat</p> <p>The Fund Manager shall also comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. The Fund Manager undertakes to provide ZATCA with all reports and requirements pertaining to zakat returns. The Fund Manager will also provide Unitholders with zakat returns upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx.</p>	<p>Zakat</p> <p>The Fund Manager shall comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund’s zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx</p>
<p>4. Main Risks of Investing in the Fund</p> <p>Income Tax and Zakat Risks</p> <p>The Fund Manager shall comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. The Fund Manager undertakes to provide ZATCA with all reports and requirements pertaining to zakat returns. The Fund Manager will also provide Unitholders with zakat returns upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx.</p>	<p>4. Main Risks of Investing in the Fund</p> <p>Income Tax and Zakat Risks</p> <p>The Fund Manager shall comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. The Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund’s zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The</p>

	<p>Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx</p>
9. Compensation for Services, Commissions and Fees	
<p>(f) Information Related to Zakat and/or Tax</p> <p>The Fund Manager shall also comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. The Fund Manager undertakes to provide ZATCA with all reports and requirements pertaining to zakat returns. The Fund Manager will also provide Unitholders with zakat returns upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx.</p>	<p>(f) Information Related to Zakat and/or Tax</p> <p>The Fund Manager shall also comply with the “Rules of Zakat Collection from Investors in Investment Funds”, as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. The Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund’s zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link: https://zatca.gov.sa/en/Pages/default.aspx.</p>

According to our letter sent to the Capital Market Authority on 06/11/2023.

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OVERVIEW OF THE FUND

- Alkhabeer Waqf Fund I is an open-ended public Waqf investment fund. Its objective is to develop the Waqf financial resources to support social development and services in the Kingdom of Saudi Arabia to the mutual benefit of the Subscriber (Waqif) and the Fund Beneficiary and the Waqf Asset, in addition to allowing a broad segment of society the opportunity to participate in the Waqf Fund, which enhances the creditworthiness, allows the growth of the Fund and its proceeds (Waqf Yield) and serves the Waqf Disbursement Channels.
- All prospective Subscribers (Waqifs) in the Fund should read the Fund's Terms and Conditions before making a decision to subscribe in the Fund. Every Subscriber (Waqif) should verify the validity of information contained in these Terms and Conditions and consult an investment or legal advisor, if unable to understand any of the Fund's Terms and Conditions.
- Alkhabeer Waqf Fund I aims to generate annual returns and allocate a percentage of the returns (Waqf Yield) to the Waqf Disbursement Channels. The Fund Manager intends to invest in multiple classes of investment assets to achieve growth of the Fund's assets and generate target returns for periodic allocation to the Waqf Disbursement Channels. The Fund aims to produce periodic distributions from the returns only (Waqf Yield) and not from the Waqf asset.

The Fund targets prospective Subscribers seeking to subscribe in Awqaf with returns (Waqf Yield) to be allocated for spending on charitable activities to support social development (Waqf Disbursement Channels) as specified in these Terms and Conditions. Fund Units do not carry any right to redemption or assignment, given the Waqf nature of the Fund.

- The Fund Manager aims to allocate the investment to several assets in order to generate the target returns with a reasonable risk, and safeguard the Waqf asset. The risks certain investment assets carry may be higher than the risks of other investment instruments. However, the diversification of Fund investments by allocation to several asset classes may help mitigate the risk factors. Therefore, the prospective Subscriber (Waqif) should fully review and understand the details of the risks associated with the Fund's investments contained in the Clause titled "Main Risks of Investing in the Fund" in these Terms and Conditions.
- The Fund is a collective open-ended Waqf investment Fund, established in accordance with the Investment Funds Regulations and the applicable laws and regulations of the Kingdom of Saudi Arabia.
- To subscribe in the Fund, the Subscriber is required to complete and sign the Fund's Subscription Application and the Fund's Terms and Conditions prepared by the Fund Manager and approved by the General Authority for Awqaf, the Capital Market Authority and the Fund Manager's Shari'a Board. By signing the Fund's Terms and Conditions, the Subscriber (Waqif) shall be deemed to have accepted the endowment of the subscription Units and the disbursement of their returns (Waqf Yield) to the Waqf Disbursement Channels specified in these Terms and Conditions.
- The views of the Fund Manager and the contents of the Fund's Terms and Conditions are not to be construed as a recommendation by the Fund Manager to subscribe in the Fund.
- Subscribing in the Fund is not to be considered a deposit with a bank. The value of the Units may increase or decrease. The Fund Manager does not bear any financial loss incurred by this Fund.

FUND DIRECTORY

Regulators	Capital Market Authority P.O. Box 87171 – Riyadh 11642 Kingdom of Saudi Arabia Tel.: +966 11 205 3000 Website: www.cma.org.sa	 هيئة السوق المالية Capital Market Authority
Beneficiary	General Authority for Awqaf P.O. Box 88200 – Riyadh 11662 Kingdom of Saudi Arabia Tel.: +966 11 813 2222 Website: www.Awqaf.gov.sa	 أوقاف الهيئة العامة للأوقاف GENERAL AUTHORITY FOR AWQAF
Beneficiary	Society of Majid Bin Abdulaziz for Development and Social Services P.O. Box 4656, Jeddah Kingdom of Saudi Arabia Tel.: +966 12 606 2959 Website: www.majidsociety.org	 ماجد MAJID
Fund Manager & Fund Operator	Alkhabeer Capital P.O. Box 128289 – Jeddah 21362 Kingdom of Saudi Arabia Tel.: +966 12 658 8888 Website: www.alkhabeer.com	 الخبير Alkhabeer Capital
Custodian	Albilad Capital P.O. Box 8162 – Riyadh 12313-3701 Kingdom of Saudi Arabia Tel.: 920003636 Website: www.albilad-capital.com	 البلاد المالية Albilad Capital
Auditor	Talal Abu-Ghazaleh & Co. International P.O. Box 9767 – Riyadh 11423 P.O. Box 1994 – Jeddah 21441 Kingdom of Saudi Arabia Tel.: +966 11 464 2936 Website: www.tagi.com	 TAGI Talal Abu-Ghazaleh Organization
Legal Advisor	The Law Office of Mohammed AlAmmar (In Cooperation with King & Spalding LLP) P.O. Box 14702 – Riyadh 11434 Kingdom of Saudi Arabia Tel.: +966 11 466 9400 Website: www.kslaw.com	 مكتب محمد العقار للمحاماة والاستشارات القانونية بالتعاون مع كينج آند سبولدينج THE LAW OFFICE OF MOHAMMED ALAMMAR In cooperation with King & Spalding LLP
Shari'a Supervisory Committee	Shariyah Review Bureau W.L.L. Building No. 872 – Office No. 41 & 42 Road 3618, Seef 436 Kingdom of Bahrain Tel.: +97317215898 Website: www.shariyah.com	 شريعة المراجعة التشريعية SHARIYAH REVIEW BUREAU

DEFINITIONS

“Law”	The Saudi Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, corresponding to 16 June 2003, as amended from time to time.
“Capital Market Authority” or “CMA”	The Capital Market Authority (CMA) of the Kingdom of Saudi Arabia, including, where the context so permits, any committee, subcommittee, employee or agent who may be delegated to perform any of the functions of the CMA.
“General Authority for Awqaf” or “GAA”	The General Authority for Awqaf (GAA) of the Kingdom of Saudi Arabia, including, where the context so permits, any committee, subcommittee, employee or agent who may be delegated to perform any of the functions of the GAA.
“Anti-Money Laundering Law”	The Anti-Money Laundering Law promulgated by Royal Decree No. (M/39) dated 25 Jumada II 1424, as amended from time to time.
“Value Added Tax (VAT) Law”	Means the Value Added Tax (VAT) Law promulgated by Royal Decree No. (M/113) dated 2 Dhul Qida 1438, as amended from time to time.
“Capital Markets Institutions Regulations”	The Capital Markets Institutions Regulations issued by CMA Board Resolution No. 1-83-2005 dated 21 Jumada I 1426, corresponding to 28 June 2005, based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, as amended by CMA Board Resolution No. (2-75-2020) dated 22 Dhul Hijjah 1441, corresponding to 12 August 2020.
“Investment Funds Regulations”	The Investment Funds Regulations issued by CMA Resolution No. 1-219-2006 dated 3 Dhul Hijja 1427, corresponding to 24 December 2006, based on the Capital Market Law promulgated by Royal Decree No. (M/30) dated 2 Jumada II 1424, as amended by CMA Board Resolution No. (2-22-2021) dated 12 Rajab 1442, corresponding to 24 February 2021.
“Social Solidarity”	Means the participation of society’s individuals and corporations in protecting the public and private interests of society as a whole, such that each individual and corporation feels that it has a duty to others who are not capable of meeting their own needs by providing benefits to them and preventing harm from befalling them.
“Person”	A natural or legal person under the laws of the Kingdom of Saudi Arabia.
“Alkhabeer Capital” or “Fund Manager”	A Saudi closed joint stock company, Commercial Registration No. 4030177445, authorized by the Capital Market Authority, License No. 07074-37, with its address at Al Madinah Al Munawarah Road, before Saudi Airlines Exit, P.O. Box 128289, Jeddah 21362, Kingdom of Saudi Arabia.
“Custodian”	A person authorized under the Capital Market Institutions Regulations to engage in the custody of securities.
“Tadawul” or “Exchange”	Means the Saudi Stock Exchange (Tadawul).

“Shari’a Supervisory Committee”	Means the Shariyah Review Bureau W.L.L., the Shari’a advisor overseeing all the products and operations of Alkhabeer Capital.
“Majid Society”	Means the Society of Majid Bin Abdulaziz for Development and Social Services. It was founded in 1998 at the initiative of late HRH Prince Majid bin Abdulaziz. It is a social development society licensed by the Ministry of Labor and Social Development under License No. (174) dated 22 Rabi I 1421. The scope of its services covers the Kingdom of Saudi Arabia.
“Fund Board”	A Board of Directors, the members of which are appointed by the Fund Manager and Majid Society in accordance with the Investment Funds Regulations and applicable laws and regulations to oversee the Fund Manager’s activities and the Fund’s progress and investments.
“Independent Director”	<p>An independent member of the Fund Board who enjoys complete independence. The following, without limitation, infringes on such independence:</p> <ol style="list-style-type: none"> 1. If the Independent Director is an employee or affiliate of the Fund Manager, any sub-manager or the Fund’s Custodian, or has a material business or contractual relationship with the Fund Manager, any sub-manager or the Fund’s Custodian. 2. If the Independent Director has, during the preceding two years, held a senior executive position with the Fund Manager or any of its affiliates. 3. If the Independent Director is a relative of the first degree of any of the Board members or any senior executives of the Fund Manager or any of its affiliates. 4. If the Independent Director has, during the preceding two years, held a controlling interest in the Fund Manager or any of its affiliates.
“Compliance Officer”	Alkhabeer Capital’s Compliance Officer, appointed in accordance with the Capital Market Institutions Regulations.
“Fund”	Alkhabeer Waqf Fund I, a publicly offered open-ended Waqf investment fund, compliant with the guidelines of the Shari’a Supervisory Committee, investing in multiple asset classes, managed by Alkhabeer Capital.
“Open-Ended Investment Fund”	An investment fund with variable capital. The number of its Units increases with the issue of new Units. Fund Subscribers are not entitled to redeem their Units.
“Fund Capital”	Total value of the Units as at the start of each Dealing Day.
“Fund’s Terms and Conditions”	The Terms and Conditions of Alkhabeer Waqf Fund I, containing the stipulations and provisions governing the operation of the Fund, subject to the Investment Funds Regulations and applicable laws and regulations. They are signed by the Fund Manager and the Fund Unit Subscribers (Waqifs).
“Fund Management Fees”	The compensation, charges and fees paid to the Fund Manager for managing the assets of the Fund.

“Actual Expenses”	The accrued expenses and fees payable by the Fund, including without limitation, expenses related to asset management and valuation and printing and distributing the Fund’s annual reports, and sundry and petty cash expenses.
“Subscription Amounts”	The total amounts paid by the Subscriber (Waqif) to the Fund Manager for subscription in the Fund.
“Subsequent Subscription”	The subscription subsequent to the initial subscription.
“Subscription Application Form”	The form used to apply for subscription in the Fund, and any requisite documents in accordance with CMA’s regulations, Anti-Money Laundering and Terrorism Financing Rules, as well as any accompanying information, signed by the Subscriber (Waqif) for the purpose of subscribing in Fund Units, subject to the Fund Manager’s acceptance and approval.
“Units”	The share of Subscribers (Waqifs) in an investment fund is comprised of Units, including fractions of a Unit. Each Unit is treated as a common endowment share in the assets of the Fund.
“Unitholder”, “Subscriber”, “Waqif”, or “Client”	Synonyms, each used to refer to the person who subscribes in the Fund for endowment purposes.
“Net Asset Value (NAV) per Unit”	The cash value of any Unit calculated on the basis of the Fund’s total asset value less liabilities and expenses, and dividing the difference by the total number of outstanding Units as at the Valuation Day.
“Valuation Day”	The day on which Unit are valued by calculating the Fund’s NAV. Fund assets are valued Mondays and Thursdays, weekly. When neither of those days is a business day, then the Valuation Day is the next business day.
“Dealing Day”	The day on which the subscription in the Fund Units is executed. It is the business day following each Valuation Day.
“Waqf” or “Endowment”	The holding in trust of an endowed asset (Fund Units) and using all or part of the Waqf Yield (cash distributions) for disbursement purposes as specified in the Terms and Conditions.
“Waqf Asset”	Total Units of the Fund.
“Waqf Yield”	The gain in the Unit Value on the Valuation Day for the same period (including the cash distributions received and to be received).
“Realized Returns”	The cash distributions on shares, investment fund units, sukuk, income generated by real estate investments, Murabaha yield and transactions, in addition to capital gains resulting from the sale of any of the assets of the Fund.
“Waqf Disbursement Channels”	The entities and areas for which all or part of the Waqf Yield is used, subject to the provisions of the Terms and Conditions.
“Investments”	The financial investment instruments compliant with the guidelines of the Shari’a Supervisory Committee, in which the Fund invests.

“Securities”	According to CMA’s Glossary of Defined Terms – means any of the following: shares, debt instruments, warrants, certificates, units, options, futures, contracts for differences, long term insurance contracts, and any right to or interest in anything which is specified by any previous stipulations.
“Saudi Stock Exchange (Tadawul)”	The Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.
“Initial Public Offerings (IPOs)”	Issuances or initial public underwritings of company shares which are offered for the first time on the primary exchange or the parallel market at par value or by order book building.
“Counterparty”	Means the counterparty of the Fund Manager in any contractual relationship or financial transaction.
“Investment Fund” or “Fund”	Alkhabeer Waqf Fund I, a collective investment pool aiming to provide the opportunity to its Subscribers to collectively participate in the growth of the pooled endowment capital. It is managed by the Fund Manager for specified fees.
“Real Estate Investment Traded Funds (REITs)”	A publicly offered real estate investment fund, the units of which are traded on the Exchange. The fund’s main objective is to invest in structurally developed real estate properties capable of generating periodic and rental income. A minimum of 90% of the Fund’s net profits are distributed in cash to fund subscribers at least once per year throughout the fund’s life.
“Real Estate Income Fund”	A publicly offered real estate investment fund with the aim of generating current income yield to its Unitholders.
“Income Generating Fund (non real estate)”	A publicly offered non-real estate investment fund with the aim of generating current income yield to its Unitholders (including for example – without limitation – equipment and vehicle procurement and leasing funds).
“Money Market Transactions”	According to CMA’s Glossary of Defined Terms – means short term deposits and trade finance contracts.
“Money Market Fund”	A publicly offered investment fund, the sole objective of which is to invest in short term securities and money market transactions in accordance with the Investment Funds Regulations and applicable laws and regulations. Such funds are publicly offered.
“Murabaha”	The sale of a commodity at the cost of its purchase by the seller, plus an agreed profit equal to a percentage of the price or a lump sum, whether without a prior promise or order, such as in the ordinary urabaha, or based on a promise or order to purchase by the party seeking to acquire the commodity through a financial institution, such as in the banking urabaha (urabaha to the purchase orderer).
“Murabaha Fund”	A publicly offered investment fund, compliant with the guidelines of the Shari’a Supervisory Committee, whose objective is to invest in urabaha transactions, subject to the terms and conditions of each fund.
“Sukuk”	The sukuk certificates in which the Fund invests. They are certificates of equal value representing a common undivided share in the ownership or utility of tangible assets, concessions or ownership of an

	asset of a certain project satisfying the requirements of the compliant with the guidelines of the Shari'a Supervisory Committee, and any financial obligations resulting therefrom.
"Sukuk Fund"	A publicly offered investment fund, compliant with the guidelines of the Shari'a Supervisory Committee, whose objective is to invest in Sukuk, subject to the terms and conditions of each fund.
"Fundamental Changes"	<p>The term "Fundamental Change" means any of the following:</p> <ol style="list-style-type: none"> 1) A significant change in the objectives, nature or class of the Fund; 2) A change which may have a material adverse effect on Unitholders or their rights in relation to the Fund; 3) A change which affects the risk profile of the Fund; 4) The voluntary withdrawal of the Fund Manager from its position as Fund Manager; 5) Any change which usually causes the Unitholders to reconsider their participation in the closed-ended public fund; 6) Any change which results in increased payments out of the assets of the Fund to the Fund Manager of the closed-ended public fund, any member of the Fund Board or any affiliate of either of them; 7) Any change which introduces a new type of payments to be made out of the assets of the closed-ended public fund; 8) Any change which materially increases the other types of payments made out of the assets of the closed-ended public fund; 9) A change in the maturity date or termination date of the closed-ended public fund; 10) An increase in the total asset value of the closed-ended public fund by accepting contributions in cash, in kind or in both; 11) Any other events determined by the CMA from time to time, and advised to the Fund Manager.
"Non-Fundamental Changes"	Any change which is not considered a Fundamental Change.
"Voting Rights Associated with Fund Assets"	All voting rights associated with the assets in which the Fund invests and which carry voting rights that can be exercised during general assembly meetings.
"Fundamental Analysis"	The analysis of economic, financial and technical data and information on investment opportunities for the purpose of predicting the future profitability of the investment and assess the extent of future risks.
"Technical Indicators"	The fundamental and technical analysis of each investment opportunity.
"Extraordinary Circumstances"	Events which are beyond the Fund Manager's control, and which the Fund Manager believes may, if they materialize, adversely and extraordinarily affect the assets of the Fund due to several factors – including without limitation – political, economic and/or regulatory factors.
"Saudi Riyal" or "SAR"	Saudi Arabian Riyal (SAR), the official currency of the Kingdom of Saudi Arabia.

“Quarter”	A three-month period of each Fiscal Year, ending on the last day of the months of (March / June / September / December).
“Business Day”	Any day on which Capital Market Institutions and banks are open for business, excluding any official holiday, in the Kingdom of Saudi Arabia.
“Fiscal Year”	The Fiscal Year of the Fund.
“Prospective Investor”	Any person intending or applying to subscribe in the Fund and does not hold any Units in this Fund.
“Investment Account”	The investment account where the investors hold their Units in the investment funds with Alkhabeer Capital.
“Net Asset Value (NAV)”	The cash value of the Fund’s total assets minus total liabilities.
“Register”	The Register of Subscribers (Waqifs), which is maintained by the Fund Manager.
“Suspension of Dealing”	The suspension of all subscription and redemption applications in the events described in the Fund’s Terms and Conditions.
“Shari’a Supervisory Committee Guidelines”	The standards defined by the Shari’a Supervisory Committee for investing in securities as provided in the Clause titled “Shari’a Supervisory Committee” in these Terms and Conditions.
“Ordinary Fund Resolution”	A resolution requiring the approval of Subscribers (Waqifs) holding more than 50% of the total Units present in person, represented by proxy or using a state of the art medium, at the Subscribers’ (Waqifs’) meeting.
“Anti-Money Laundering Law”	The Anti-Money Laundering Law promulgated by Royal Decree No. (M/39) dated 25 Jumada II 1424, as amended from time to time.

BENEFICIARY

Society of Majid Bin Abdulaziz for Development and Social Services



The Society of Majid bin Abdul Aziz for Development and Social Services, founded in 1998 at the initiative of late HRH Prince Majid bin Abdul Aziz, serves as a leading social organization within an integrated national and cultural framework to support sustainable development by its programs and initiatives which are being implemented for twenty years since its establishment, believing in the necessity of social enabling of individuals to contribute to the national transformation which goes side by side with the strategies of Majid Society aiming to achieve economic growth and catering to a number of social needs. It also ensures that everyone keeps abreast with the objectives of the Saudi Vision 2030 at the domestic level, and the United Nations Sustainable Development Goals (SDGs) at the global level.

The Society is licensed by the Ministry of Labor and Social Development, License No. (174) dated 22.03.1421, under the name “Society of Majid bin Abdul Aziz for Development and Social Services”, to form an integral part of the Saudi social fabric and to serve Saudi society. The Society enables individuals by obtaining support and grants from entities who wish to maximize their social responsibility activities, be they individuals, private organizations or government entities, to implement their programs and initiatives, supported by annual reports reviewed by the Global Reporting Initiative (GRI), with systemic institutional performance relying on qualified individuals to contribute to the performance of its activities, subject to the highest standards of accountability and transparency.

FUND SUMMARY

Fund Name	Alkhabeer Waqf Fund I.
Fund Category / Fund Type	Open-ended public Waqf investment fund.
Fund Manager	Alkhabeer Capital.
Fund Objectives	To bolster the developmental role Awqaf play in supporting social development and services through developing and investing the Fund's endowment assets and protecting them against depletion, so as to promote the principle of social solidarity, support the Waqf disbursement channels and benefit the Waqf asset. The Fund Manager receives subscription amounts from Subscribers (Waqifs) and invests them to generate annual yield. A percentage of the realized yield (Waqf Yield) is periodically allocated to the Fund's Waqf disbursement channels specified by the Beneficiary.
Risk Level	Medium to High.
Minimum Subscription	SAR 1,000.
Dealing / Valuation Days	Every Business Day / Mondays and Thursdays weekly, where the Fund's NAV is calculated for the purposes of subscription. When neither of those days is a business day, then the Valuation Day is the next business day.
Announcement Days	Sundays and Tuesdays weekly. When neither of those days is a business day, then the Announcement Day is the next business day.
Redemption Value Payment Date	Not applicable.
Initial Offering Unit Price (Par Value)	SAR 10.
Fund Currency	Saudi Arabian Riyal (SAR).
Fund Term and Maturity Date (Where Applicable)	Alkhabeer Waqf Fund I is an open-ended public Waqf fund. The Fund does not have a specified term or specific maturity date.
Fund Date of Inception	14 January 2020.
Date of Issue and Latest Update of the Terms and Conditions	The Terms and Conditions of the Fund were issued on 2 Ramadan 1440, corresponding to 7 May 2019, and were last updated on 6 November 2023.
Early Redemption Fees (If Any)	Not applicable.
Benchmark	The Fund's Benchmark is Alkhabeer Income Generating Asset Index.
Fund Operator	Alkhabeer Capital.
Custodian	Albilad Capital.

Auditor	Talal Abu-Ghazaleh & Co. International.										
Fund Management Fees	The Fund Manager (Alkhabeer Capital) receives from the Fund Management Fees of 10% of total Fund proceeds or 0.75% per annum of the Fund's Net Asset Value, whichever is lower.										
Subscription Fees	No subscription fees apply to the subscription in Fund Units.										
Custodian Fees	<p>f. The Fund shall pay the Custodian (Albilad Capital) fees of 0.10% per annum of the Fund's total asset value if the total asset value is less than or equal to SAR 250 million, subject to a minimum amount of SAR 5,000. The Custodian's fees are payable monthly. The aforementioned percentage declines commensurate with increased total asset value, making the Custodian's fees as follows:</p> <table border="1"> <thead> <tr> <th>Total Asset Value (SAR million)</th><th>% per annum of Total Asset Value</th></tr> </thead> <tbody> <tr> <td>250 – 500</td><td>0.08%</td></tr> <tr> <td>500 – 750</td><td>0.06%</td></tr> <tr> <td>750 – 1,000</td><td>0.05%</td></tr> <tr> <td>Over 1,000</td><td>0.04%</td></tr> </tbody> </table> <p>The Custodian receives a fee of SAR 30 on every transaction (every sale or purchase transaction by the Fund in accordance with the Fund's investment policy) on the Saudi exchange, in addition to a fee of SAR 10 on every transaction executed electronically.</p>	Total Asset Value (SAR million)	% per annum of Total Asset Value	250 – 500	0.08%	500 – 750	0.06%	750 – 1,000	0.05%	Over 1,000	0.04%
Total Asset Value (SAR million)	% per annum of Total Asset Value										
250 – 500	0.08%										
500 – 750	0.06%										
750 – 1,000	0.05%										
Over 1,000	0.04%										
Administrator Fees	The Fund shall pay the Fund Operator (Alkhabeer Capital) an annual fee of 0.20% of the Fund's NAV.										
ZATCA Registration Expenses	Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000.										
Auditor Fees	The Fund shall pay the Auditor (Talal Abu-Ghazaleh & Co. International) an annual fee of SAR 40,000.										
Independent Directors' Remuneration	<p>The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed to the Fund. It is expected that a minimum of two meetings, and a maximum of four meetings, will be held each year. The Chairman of the Board may hold an urgent Board meeting whenever he deems necessary. The total remuneration to be paid during the year to the two independent directors shall not exceed SAR 42,000.</p> <p>The Fund shall also bear all actual travel and accommodation costs incurred by each of the independent directors to attend the meetings (if applicable), up to a maximum of SAR 15,000 per annum to all of the independent directors. These annual remunerations shall be calculated and paid semi-annually.</p>										
Shari'a Supervisory Committee Fees	The Fund shall pay the Shari'a Board (Shariyah Review Bureau W.L.L.) an annual fee of SAR 15,000.										
Benchmark Service Provider Fees	The Fund shall pay the Benchmark Service Provider (Ideal Ratings) an annual fee of SAR 22,515.										

Regulatory Fees	The Fund shall pay regulatory fees of SAR 7,500 per annum. These fees are paid to the CMA annually.
Fees for Publishing Periodic Reports on Saudi Tadawul's Website	SAR 5,000 for the fiscal year, calculated as at each valuation day and paid annually.
Dealing Expenses and Fees (Brokerage)	Payable directly out of the Fund's assets.
Shari'a Compliant Financing Costs	The Shari'a compliant financing costs (if any) shall be borne by the Fund based on the prevailing market rates. They shall be calculated as at each Valuation Day, and paid in accordance with the requirements of the financier bank.
Other Fees and Expenses	Up to a maximum of 1.0% per annum of the Fund's NAV for actual expenses.
Performance Fees (If Any)	Not applicable.
Minimum Additional Subscription	SAR 100.
Dealing Day	The day on which the Fund Units Subscription is executed. It is the day following each Valuation Day.
Initial Offering Period	The period during which the Units are offered, extending 45 business days starting 2 Safar 1441, corresponding to 1 October 2019 to 5 Rabi II 1441, corresponding to 2 December 2019, or any other date as determined by the Fund Manager. The Initial Offering Period was extended with CMA's approval for a period of (21) Business Days starting on 6 Rabi II 1441, corresponding to 3 December 2019, up to 5 Jumada II 1441, corresponding to 31 December 2019.
Zakat	<p>Subject to applicable laws and regulations issued by the authorities concerned. The Fund Manager shall also comply with the "Rules of Zakat Collection from Investors in Investment Funds", as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect. In addition, the Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund's zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link:</p> <p>https://zatca.gov.sa/en/Pages/default.aspx</p>

TERMS AND CONDITIONS

1. Investment Fund

(f) Fund Name, Class and Type:

Alkhabeer Waqf Fund I.

An open-ended public Waqf investment fund; all Fund Units are endowed to the benefit of the Society of Majid Bin Abdulaziz for Development and Social Services in Jeddah

(b) Fund Terms and Conditions Date of Issue and Latest Update (If Any):

The Fund's Terms and Conditions were issued on 2 Ramadan 1440, corresponding to 7 May 2019. They were updated on 6 November 2023.

I Date of CMA's Approval of the Establishment of the Fund and Offering of its Units, and date of GAA Approval of the Establishment of the Fund:

The approval of the Capital Market Authority (CMA) of the offering of the Fund Units was issued on 2 Ramadan 1440, corresponding to 7 May 2019.

The approval of the General Authority for Awqaf (GAA) of the establishment of the Fund was issued on 29 Dhul Hijjah 1439, corresponding to 9 September 2018.

(d) Fund Term and Fund Maturity Date

Alkhabeer Waqf Fund I is an open-ended Waqf investment fund. The Fund does not have a specified term or a specified maturity date.

2. Governing Law

The Waqf Investment Fund and the Fund Manager are governed by the Capital Market Law, its Implementing Regulations, the Investment Funds Regulations and other applicable laws and regulations in effect in the Kingdom of Saudi Arabia.

3. Investment Objectives and Practices

(f) Investment Objectives

Alkhabeer Waqf Fund I is an open-ended public Waqf fund with the aim of distributing annual income to the benefit of the Society of Majid bin Abdul Aziz for Development and Social Services (Beneficiary) of not less than 75% of the Fund's net returns – if any – to support the Society's charitable activities (See "Beneficiary of the Fund Returns", below), with the balance of the returns to be retained and reinvested in Alkhabeer Waqf Fund I. The Fund mainly invests in real estate investment traded funds (REITs). In addition, the Fund may invest in open-ended or closed income generating real estate funds, non-real estate income generating funds, money market funds, sukuk, sukuk funds, urabaha transactions with a counterparty regulated by the Saudi Central Bank or any other similar regulatory authority outside Saudi Arabia, and urabaha funds subject to the investment constraints described in the Terms and Conditions. The Fund Manager will invest the Fund's assets professionally to achieve capital gain and distribute a percentage of the returns (Waqf Yield), to be allocated annually on an ongoing basis the Fund's Waqf Disbursement Channels as specified for the Fund, namely the services provided by Majid Society (Beneficiary). The Beneficiary shall spend the Waqf Yield on community development and services under the Society's development programs.

Charitable Activities (Waqf Disbursement Channels)

The Waqf Disbursement Channels support Majid Society's community programs and initiatives for the development of individuals by providing diverse programs to all segments of society, with particular emphasis on the youth, in collaboration and partnership with various entities concerned, to transform them into productive members of society, and thus reach self-sufficiency and produce the intended social effect, with the enablement of at least double the direct spending. The Society's charitable activities and programs are as follows:

f. Social Security Beneficiaries:

Targeting social security beneficiaries (men/women) who are eligible to receive zakat, by providing support, guidance and rehabilitation to develop their enterprises and help provide a sustainable income.

2. The Youth:

Enabling the youth segment (men/women) of society by providing rehabilitation to achieve the Saudization objectives and the development of small and medium enterprises.

Address and Contact Details:

Unit No. 7, Tujjar Jeddah Center, Tahlia Street, Al Khalidiyah District 1,
P.O. Box 4656, Jeddah
Kingdom of Saudi Arabia
Tel.: +966 12 606 2959
Website: www.majidsociety.org
Email: info@majidsociety.org

(b) **Type(s) of Securities to be Primarily Invested in by the Fund**

Investment Type
1. REITs and REIT initial public offerings
2. Money market funds
3. Real estate Income generating investment funds (open-ended or closed)
4. "Non-real estate" income generating investment funds
5. Sukuk and sukuk funds
6. Cash, urabaha transactions and urabaha funds

I **Policy of investment concentration in certain securities, industry or group of sectors, or in a certain country or a given geography, subject to maximum and minimum limits for those securities**

The Fund's investment policy is based on generating and growing returns in the long term by investing in multiple assets in line with the objectives, nature and specified Disbursement Channels of the Waqf, subject to the Terms and Conditions. The Fund Manager will seek to diversify the Waqf portfolio by investing in several classes of assets to protect the Waqf asset and achieve moderate growth to cater to the current and future needs of the Waqf. The Fund Manager will achieve this by adopting balanced investment policies covering diverse investment assets with different time frames. The allocation of assets as a

percentage of the Fund's NAV (at the time of investing) in each class of assets and securities, shall be as follows:

Investment Type	Percentage Allocation to the Fund's NAV as per the last Audited Financial Statements	
	Minimum	Maximum
REITs and REIT initial public offerings	50%	100%
Shari'a compliant money market funds	0%	50%
Real estate Income generating investment funds (open-ended or closed)	0%	50%
"Non-real estate" income generating investment funds	0%	50%
Shari'a compliant sukuk and sukuk funds	0%	25%
Cash, urabaha transactions and urabaha funds	0%	50%

(d) Table Showing Minimum and Maximum Percentage Invested by Investment Type

Investment Type	Percentage Allocation to the Fund's NAV as per the last Audited Financial Statements	
	Minimum	Maximum
REITs and REIT initial public offerings	50%	100%
Shari'a compliant money market funds	0%	50%
Real estate Income generating investment funds (open-ended or closed)	0%	50%
"Non-real estate" income generating investment funds	0%	50%
Shari'a compliant sukuk and sukuk funds	0%	25%
Cash, urabaha transactions and urabaha funds	0%	50%

I Securities Exchanges where the Fund may buy and sell its investments

The Fund Manager may invest in the Saudi, regional and international capital markets.

(f) Dealings, methods and tools that the Fund Manager may use in making the Fund's investment decisions

- The Fund will rely on the Fund Manager's vision and discretion based on the domestic and global economic conditions, findings of financial studies and available information on market investment opportunities. The Fund Manager will also rely on the Fundamental Analysis and valuation of each investment opportunity based on the strength of the financial position and projected returns, in addition to the analysis of the technical indices and the level of risks associated with each opportunity. Investments considered as suitable opportunities will subsequently be selected.
- The Fund Manager will rely on the analysis of the best available offerings of Murabaha Transactions in terms of returns and the level of risks, with a view to maximizing returns and minimizing risks. This also applies to the risk-return analysis of available Sukuk and funds, such that the Sukuk and funds of reputable and creditworthy issuers are selected.

- When investing in rated entities, the credit rating issued by Moody's (minimum investment Ba3), Standard & Poor's (minimum investment BB-), and Fitch (minimum investment BB-) shall be used. This rating is lower than investment grade. When investing in unrated entities, such entities shall be rated using the Fund Manager's internal rating process. The Fund Manager shall evaluate the unrated entity based on a number of factors, including – without limitation – the credit rating of the country where the entity belongs, the creditworthiness, and the efficiency of assets and profits.
- When investing in investment funds, the Fund Manager will evaluate each fund based on the risk-return profile of each fund and the past performance of the such funds, in addition to other criteria, including, without limitation, the issuer's creditworthiness and its investment policies and procedures.
- When investing, the Fund Manager will implement an "Index Investing" strategy to allocate assets to investments in percentages similar to the relevant index (if applicable). This strategy may be applied by fully or partially matching the index percentage. By using this strategy, the Fund Manager seeks to diversify the sources of income and mitigate concentration risks. For example, without limitation, the Fund Manager may invest in real estate investment traded funds with percentages similar to those of the REIT market index by buying units in the funds which are included in the index.
- Investment decisions made by the Fund Manager shall be in line with the sound and prudent investment practices which achieve the Fund's investment objectives as stated in the Fund's Terms and Conditions. This includes that the Fund Manager acts to the best of its ability to ensure as follows:
 - That the Fund's investments are based on a careful and prudent distribution of risks, without undermining the Fund's investment objectives, policies and Terms and Conditions.
 - That sufficient liquidity is available for the Fund to meet any expected payment request, such as accrued expenses and fees which are payable by the Fund.
 - In extraordinary conditions, the Fund Manager may, at its sole discretion, hold Fund assets in the form of cash liquidity, investments in money markets, Murabaha Transactions and/or Murabaha funds up to a maximum of 100%.
- The Fund Manager may hold more than 5% of the Fund's NAV in the form of cash liquidity In extraordinary conditions, which are events beyond the Fund Manager's control, and which the Fund Manager believes that could upon occurrence, adversely and abnormally affect the Fund's assets due to a number of factors – including without limitation – political, economic and/or regulatory factors.
- Risks shall be assessed and necessary action shall be taken to ensure the best interest of the Subscribers (Waqifs) in line with applicable laws and regulations. For additional details on the Fund's potential risks, please see the section titled "Main Risks of Investing in the Fund" of these Terms and Conditions.

(h) Securities which cannot be included in the Fund's investments

The Fund will not invest its assets in financial derivatives. Moreover, the Fund will not invest in any securities other than those described above.

(f) Other restrictions on the type(s) of securities or other assets which that Fund may invest in

The Fund Manager shall adhere to the restrictions applicable to the Fund as provided in the Investments Funds Regulations, the Fund's Terms and Conditions, the Fund's Shari'a Guidelines and the Fund Board's resolutions.

(j) Limit of investing the assets of the Fund in units of investment fund(s) managed by the Fund Manager or other fund managers

Not more than 20% of the net asset value of the fund, the units of which are acquired, may be held.

To avoid duplicity of fees in the event of investing in other investment funds managed by the Fund Manager, the Fund Manager will refund any fees it charged on the units invested in other investment funds managed by the Fund Manager, by paying those fees to the Fund's account within (10) Business Days from the date of their collection.

(k) Authority of the Fund to Lend and Borrow, the Fund Manager's policy on exercising the authority to lend and Borrow, and the Fund Manager's policy on pledging the Fund's assets

The Fund Manager may obtain financing facilities compliant with the Shari'a guidelines of the Shari'a Supervisory Committee, subject to the approval of the Shari'a Supervisory Committee, up to 10% of the Fund's NAV for investment purposes. The Fund Manager shall have the authority to sign all requisite agreements for this purpose. The Fund Manager will not pledge any of the Fund's assets as collateral for the financing amount.

(l) Maximum limit for dealing with any counterparty

The Fund Manager will abide by the limits as provided in the Investment Funds Regulations.

(m) Fund Manager's Fund Risk Management Policy

The Fund Manager adopts a risk management policy aimed at defining and assessing the potential risks as quickly as possible, and addressing these risks to minimize their effect. The Fund Manager studies and assesses the risks involved in any assets before investment. Risks are re-assessed annually. For additional details on the Internal Process for Risk Assessment and Management, please see Appendix (1).

Investment decisions made by the Fund Manager shall be in line with the sound and prudent investment practices which achieve the Fund's investment objectives as stated in the Fund's Terms and Conditions. This includes that the Fund Manager acts to the best of its ability to ensure the following:

- That the Fund's investments are based on a careful and prudent distribution of risks, without undermining the Fund's investment objectives, policies and Terms and Conditions.
- That sufficient liquidity is available to the Fund to meet any expected payment request, such as accrued expenses and fees which are payable by the Fund.
- The Fund Manager may hold more than 5% of the Fund's NAV in the form of cash liquidity In extraordinary conditions, which are events beyond the Fund Manager's

control, and which the Fund Manager believes that could upon occurrence, adversely and abnormally affect the Fund's assets due to a number of factors – including without limitation – political, economic and/or regulatory factors.

- Risks shall be assessed and necessary action shall be taken to ensure the best interest of the Subscribers (Waqifs) in line with applicable laws and regulations. For additional details on the Fund's potential risks, please see the section titled "Main Risks of Investing in the Fund", below.

(n) Benchmark, Information on the Index Service Provider, and the Basis and Methodology of Calculation of the Index

The Fund's performance benchmark is "Alkhabeer Income Generating Asset Index", a composite index comprised of Ideal Ratings Saudi REITs Index, which contributes a weight of 75%, and Ideal Ratings Global Sukuk Index, which contributes a weight of 25%. The Index is used for benchmarking the Fund's performance. The Benchmark data service is provided by Ideal Ratings. Investors may track the performance of the Index on Alkhabeer Capital's website.

(o) Fund's Use of Derivatives

The Fund will not invest its assets in financial derivatives.

(p) CMA-approved exemptions from restrictions or limitations on investment

CMA approved the following exemptions from the Investment Funds Regulations:

- Exemption from Article (65) of the Investment Funds Regulations and related articles and circulars, as the Fund Manager will not be able to cater to any redemption request by Subscribers (Waqifs) given the Waqf nature of the Fund and because the Subscribers (Waqifs) will endow their Fund Units.
- Exemption from Paragraph (j) of Article (41) of the Investment Funds Regulations, which provides for holding a minimum amount of liquid assets to meet any redemption requests which the Fund may receive from Unit Subscribers. Whereas one of the characteristics of the Fund is to endow Units without redemption, an exemption from the provisions of Paragraph (j) of Article (41) of the Investment Funds Regulations was obtained. The Fund Manager shall be entitled to invest more than 10% of the Fund's NAV in illiquid assets.

4. Main Risks of Investing in the Fund

- a) The risk level of the Fund is medium to high given the level of risk associated with planned investment assets. Moreover, the value of Fund investments and the income they generate may decrease as a result of fluctuations of the markets and underlying assets.
- b) The past performance of the Fund or the past performance of the benchmark – if any – is not an indicator of the Fund's future performance.
- c) No assurance can be given to Unit Subscribers that the absolute performance of the Fund or the Fund's performance against the Benchmark will recur or will match the Fund's past performance.
- d) An investment in the Fund is not a deposit with a bank.
- e) Subscribers may lose their Fund subscription amounts. Such loss may result in diminishing or lowering the Waqf Yield distributed to Waqf Disbursement Channels. No assurance can be provided by the Fund Manager for achieving the investment objectives as described in these Terms and Conditions. Before subscribing in the Fund, Subscribers (Waqifs) shall take into consideration the below listed risk factors which may affect the Fund's NAV.
- f) All prospective Subscribers (Waqifs) shall make their decisions on their own or in collaboration with their professional advisors in relation to the legal, financial and tax risks associated with this Fund. The below mentioned risks do not summarize all the risks associated with investing in the Fund, and they are limited to some of the main risks that the Fund may be exposed to, and any conditions which may affect the Fund's NAV and proceeds:

Operating History

The Fund is newly established and its operation did not yet commence. As such, the Fund has no past performance record which the Subscribers can use to assess the Fund's performance and successes. Moreover, the nature of the Fund's future investments and their inherent risks may materially differ from the Fund Manager's previous investments and strategies. Past results achieved by the Fund Manager do not necessarily project future performance, and thus the novelty of the Fund is considered a risk because it is difficult to predict the extent of change in the Unit value or the returns.

Distributions Fluctuation Risk

There can be no assurances concerning the generation of dividends the Fund intends to distribute to the Beneficiary. Moreover, there can be no assurance that dividends will or will not be paid for various reasons – including without limitation – difficulties of distributions of the underlying real estate investment traded funds (REITs) or other investments of the Fund, or high Fund costs. All or any such factors may adversely affect the Fund's performance and the Unit price.

Risks of Investing in REIT IPOs

Part of the Fund's Portfolio will be invested in real estate investment traded funds (REITs) and in REIT IPOs. Whereas REITs are recent, they do not have an operating history to allow the Fund Manager to adequately assess the Unit value, which may adversely affect the Fund's performance and Unit prices. Investing in REIT IPOs involves the risks of late listing and rump offerings:

Risks of Rump Offerings

Available REIT IPOs may be low at times due to macroeconomic or other conditions affecting the rump IPO market, adversely affecting the Fund's investment objectives and consequently the Fund's performance and Unit price.

Late Listing Risk

In the event the Fund subscribes in REIT IPOs, the listing of the REIT IPO units in which the Fund invests may be delayed, resulting in the withholding of the subscription amount, and as such limiting the Fund's available investment opportunities, which may adversely affect the Fund's performance and Unit price.

Risks of Investing in Listed Real Estate Funds

The Fund invests in real estate investment traded funds (REITs), and may encounter an inactive market with limited liquidity. Moreover, the unit prices of those funds may fluctuate, influenced by market trends in general and real estate market movement in particular. In addition, there can be no assurance that the REIT will pay annual dividends to investors because the decision to distribute dividends may depend on the REIT's performance and ability to repay its obligations. Investing in REIT units also involves real estate asset ownership related risks, which may decline due to factors, such as lack of liquidity, natural disaster and tenant financial positions. Thus investing in such funds may decrease the returns of the Fund and lower the Unit price.

Sector and Concentration Risks

Concentration risks are the risks of concentrating investment in a particular market segment. REITs in which the Fund invests may be exposed to unfavorable fluctuations caused by change in the real estate industry in particular. REITs are known to be relatively small in size as compared to the other sectors. Thus, the Fund's investments may be exposed to a greater level of price fluctuation as compared to any other fund which invests

in the market in general, which may cause the Unit prices to decrease and the Fund to be adversely affected.

Sukuk Market Liquidity Risk

Part of the Fund's Portfolio will be invested in Shari'a compliant Sukuk. Unlike the equity market, investors can easily exit any investment position. Sukuk holders depend on the secondary market for Sukuk trading. In the event the Fund needs to sell part of its Sukuk to recover its original capital investment, demand in the secondary market may be limited, and the Fund may not be able to recover its invested capital, and as such, the returns to Subscribers (Waqifs) may be adversely affected.

Credit Rating Downgrading Risk

The Fund seeks to invest in rated Sukuk with low levels of default risk. Nevertheless, in the event the credit rating of any instrument in which the Fund invests, is downgraded, the Fund Manager may be forced to sell such instruments, which may adversely affect the Fund's performance and Unit price.

Risks of Investing in Sub-Investment Grade Rated Instruments

The Fund seeks to invest in instruments with a sub-investment grade rating. Such investments involve higher risks as compared to investment grade rated instruments, as the issuer may default on its contractual obligations to the Fund, causing the Fund to lose all or part of the sum invested in such instruments, which in turn adversely affects the Fund's performance, asset value and Unit price.

Risks of Investing Outside Saudi Arabia

Investing outside the Kingdom of Saudi Arabia involves many risks – including without limitation: (1) factors related to currency exchange rate fluctuations; (2) economic and geopolitical risks; (3) the possibility that the host country imposes income and capital gains tax on the Fund's assets. All or any such factors may adversely affect the Fund's performance and Unit price.

Currency Risk

The Fund may invest in assets and financial instruments in different currencies. Investments in foreign securities may involve other considerations, such as currency exchange rate fluctuations between the Saudi Arabian Riyal and the different foreign currencies the Fund invests in, as well as costs associated with the conversion of the principal investment amount and investment income from one currency to another. The Fund may suffer a loss in the event of loss of investments valued in a currency other than the Saudi Arabian Riyal, against the Saudi Arabian Riyal. Thus, the currency exchange rate fluctuation may adversely affect the Fund's performance.

Beneficiary Risk

In general, any negligence on the part of the Beneficiary may affect the Waqf Disbursement Channels which at time must be completed within a specified time period, and as such may adversely affect the achievement of the Fund's objective.

Shari'a Guidelines

Fund Investments must be compliant with the Shari'a Guidelines specified by the Shari'a Board. Those Guidelines apply the investment structure, the Fund's activities and the Fund's investments. To comply with those Guidelines, the Fund may have to abort all or part of the investment, or forego part of its income if the investment or the investment structure is deemed non-compliant with Shari'a Guidelines. In the event of forbidden

revenues from activities invested in, the Fund Manager shall dispose of the forbidden revenue as directed by the Fund's Shari'a Board.

In addition, when complying with Shari'a Guidelines, the Fund loses investment opportunities when the Shari'a Board decides that a proposed investment is not Shari'a compliant, and therefore the Fund cannot consider it. Such factors, under certain circumstances, may have an adverse effect on the Fund's financial performance or investments, as compared to the results which could have been achieved were such Shari'a Guidelines not applicable to the Fund.

Issuer Risk

The performance of the Fund's assets may change with time due to changes in the management, financial conditions, and demand on the Fund's assets, which may cause the Fund's Unit value to decline, and as such adversely affects the Fund's performance and Unit price.

Concentration Risk

Concentration risk is the risk of concentrating the Fund's investments in certain assets or sectors, exposing the Fund's performance to sharp fluctuations due to changes in the conditions affecting the Fund's underlying assets and sectors, and which may adversely affect the Fund's performance.

Geopolitical Risks

The Fund's value and investments may be adversely affected by unforeseen geopolitical developments in the region or in the surrounding regions, which may have a direct or indirect effect on the Fund. The unexpected nature of the event may increase uncertainty, and thus may place the investment at risk. Moreover, the political climate creates risks to the economic, business and real estate sectors, which may adversely affect the Fund's performance.

Legal and Regulatory Risk

The information contained in the Terms and Conditions is based on existing and announced legislations. Legal and regulatory changes may occur and affect the investment climate in the Kingdom, or other changes may occur during the Fund's Term which may adversely affect the Fund or the investments. The Fund's ability to take legal action may be limited should a conflict arise. As such, the Fund may have to resort to courts in the Kingdom to seek remedies. Contract enforcement the legal system in the Kingdom is a difficult and time consuming process with unpredictable results. The Fund may also be adversely affected by any change in existing laws or by the inability of government departments to enforce those laws.

Income Tax and Zakat Risk

Investment funds are included in the definition of the corporation as provided in the Zakat and Income Tax Regulations in effect in the Kingdom of Saudi Arabia. Thus, according to the linguistic interpretation of the Regulations, the Fund should register with ZATCA, and should comply with the income tax/zakat requirements. The Fund Manager shall comply with the "Rules of Zakat Collection from Investors in Investment Funds", as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the

calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect.

The Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund's zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link:

<https://zatca.gov.sa/en/Pages/default.aspx>

Value Added Tax (VAT) Risk

As at the date of these Terms and Conditions, none of the Fund's investments is subject to income tax, tax withholding, capital gains tax or any other tax. However, it was officially decided to impose a value added tax in the Kingdom starting January 2018. Under the recently issued regulations, the investment in the Fund is not expected to be subject to value added tax. However, investors should receive consultation concerning the effect of the value added tax on their investments in the Fund.

The Fund Manager and Fund service providers are expected to pay value added tax. As such, payments due (for services, commissions and fees) to the Fund Manager and/or Fund service providers will be adjusted to take VAT into consideration.

Risks of Changes in the General Economic Conditions

Changes in economic conditions, including interest rates, working conditions, competition, technological advancements, geopolitical events and trends, as well as tax laws may significantly and adversely affect the Fund's business and opportunities. As such, the Fund's performance and Unit value may be adversely affected. Moreover, the materialization of economic risks may adversely affect the ability of the Subscribers (Waqifs) to continue to support the Waqf Fund, and consequently it would become difficult to add to it and have it grow using (Waqf) subscriptions.

Financing Risk

The Fund's assets may be financed using Shari'a compliant financing. This may adversely affect the Fund's income or lead to a loss of the financing principal, and as such adversely affect the market value of the Units. Increases and decreases in the value of the Fund's assets may be exaggerated when the Fund resorts to financing. The use of financing provides an opportunity to increase returns. However, it involves at the same time a higher level of risk, and may lead to increased exposure of the Fund and its investments to factors including higher cost of debt and economic downturn.

Liquidity Risk

Liquidity risk is the risk of investing in assets which are difficult to liquidate at the right prices at certain times to cover liquidity requirements. This may adversely affect the Fund's performance in the event of selling. Moreover – at certain times – the liquidity may be low, which increases the difficulty of liquidating Fund investments, particularly that low market liquidity may adversely affect the market prices of Fund investments and the Fund's ability to sell some of its investments to meet its liquidity requirements.

Governance and Conflict of Interest Risks

Given the significant diversification of the activities of the Fund Manager, its affiliates and subsidiaries and the Fund Board, a conflict of interest may occur between those different

parties, which may affect the Fund's ability to accomplish its investment objectives, and as such adversely affect the performance of the Fund.

In the event of a conflict of interest, the Fund Manager shall at all times fulfill its obligations to the Fund (including acting in accordance with the Investment Funds Regulations issued by the Capital Market Authority). Moreover, in the event of a conflict of interest, the Fund Manager shall treat each of the Subscribers (Waqifs) fairly. The Fund Manager shall refer any potential conflict of interest to the Fund Board. The Fund Board shall endeavor to resolve any form of conflict of interest with good intent and on a best efforts basis.

Key Person Risk

The success of the Fund mainly depends on the quality performance of the Fund's management team and the Portfolio management team. The loss of services of any member of those management teams in general (whether due to resignation or other causes), or the inability to attract and retain additional employees may have a material adverse effect on the Fund's business and opportunities.

Operations Risk

The Fund Manager extensively relies on human and material resources. As such, any shortage of such factors may affect the Fund's operations and investments, which may at times need to be completed within a certain time frame. Thus the Fund's performance may be adversely affected.

Emerging Markets Risk

The Saudi Arabian market is classified as an emerging market. Investing in emerging markets may involve risks associated with failure or delay of settlement of market transactions, securities registration and custody. Moreover, investing in such markets may involve high than average risk. The market value of securities traded in emerging markets is relatively limited, as the larger part of the market value and trading volume is concentrated in a limited number of companies. Therefore, the Fund's assets and investments in the emerging market may encounter greater price volatility and significantly lower liquidity as compared to investing in more developed markets.

Natural Disaster Risk

Natural disaster risk is the risk of volcano, earthquake, storm, flood, and any uncontrollable natural phenomenon which causes extensive destruction of property and assets, and may adversely affect the various economic and investment sectors, resulting in lower Fund Unit prices.

Risks of Investing in Other Funds

Other funds targeted for investment by the Fund may encounter the same risks listed in this section titled "Main Risks of Investing in the Fund", which may adversely affect the Fund's performance and Unit price.

Credit Risk

Credit risk is the risk of possible failure of the counterparty (ies) to timely fulfill contractual obligations to the Fund Manager in accordance with the contracts or agreements signed by and between them. Such risk apply to the Fund when investing in Murabaha funds and money market funds engaged in Murabaha transactions with third parties, the default of whom may adversely affect the Fund and Unit price.

Reinvestment Risk

The Fund may reinvest some of the dividends and capital gains resulting from the Fund's investments. As such, the dividends may not be reinvested at the original purchase prices of the assets, thus causing the asset purchase cost to increase, and adversely affecting the Unit price.

5. Internal Process for Risk Assessment and Management

The Fund Manager adopts a risk management policy aimed at defining and assessing the potential risks as quickly as possible, and addressing these risks to minimize their effect. The Fund Manager studies and assesses the risks involved in any assets before investment. Risks are re-assessed annually. For additional details on the Internal Process for Risk Assessment and Management, please see the following:

- Credit Risk: All domestic and regional counterparties will be assessed before investment, and exposure limits will be set to ensure non-concentration with a particular counterparty. Each of the exposures will be monitored periodically to ensure that it remains within the approved limits.
- Concentration Risk: Fund assets will be diversified across several types of assets to avoid the concentration of the Fund's investments in limited assets.
- Variation of Financing Cost Risk: In the event the Fund obtains financing, the Fund Manager will ensure that its cost is in line with the target returns, so as to minimize any adverse effect of increased cost of financing or lower investment returns.
- Risk of Shari'a Non-Compliance and Risk of Disposal of Non-Shari'a Compliant Revenues: All investment decisions will be taken after considering the Fund's Shari'a Guidelines. The Fund's investments will be monitored and reviewed periodically to ensure that they are compliant with the Shari'a Guidelines. In the event the Fund Manager's Shari'a Board decides that such investments no longer satisfy the Shari'a Guidelines, under which the Shari'a Board permitted placement therein, disclosure will be made to the Fund Board showing the exit process and causes.
- Liquidity Risk: It will be ensured that minimum liquidity is held in the portfolio.
- Governance and Conflict of Interest Risk: The Fund Manager took into consideration the governance rules and standards when forming the Fund Board. The Board is comprised of five members (2 appointed by the Fund Manager, 1 representing the Beneficiary, and 2 independent directors). The Board will oversee any conflict of interest and approve its corrective process, in addition to approving a written Fund governance policy and the Fund's investment policy.
- Risk of Investing in Other Funds: The performance and the risks of each fund targeted by the Fund Manager to be invested in, will be assessed. In addition, the Fund Manager will monitor and evaluate the performance of those funds periodically against a benchmark using performance indicators for each underlying fund.
- Trading Suspension Risk: One of the investment criteria to be assessed by the Fund Manager prior to investing in traded Units is the assessment of the level of disclosure of the traded fund, and whether the fund is compliant with the Saudi Capital Market Authority Law and Implementing Regulations.
- Late Listing Risk: Investment decisions will be made by a specialized investment committee following review of available investment opportunities and the size of the investment, and ensuring that such investments (Real Estate Investment Traded Funds (REITs) IPOs) do not affect the Funds NAV in terms of size.

6. Target Category of Subscribers

Given the Waqf nature of the Fund, subscription in the Fund is suitable for prospective subscribers willing to endow their funds for charitable activities.

7. Investment Restrictions/Limitations

The Fund Manager shall adhere to the restrictions and limitations as stipulated in the Investment Funds Regulations, the Fund's Terms and Conditions and the Shari'a Guidelines as defined by the Shari'a Supervisory Committee.

8. Currency

The currency of the Fund is the Saudi Arabian Riyal. It is used for valuation of the Fund assets. Subscriptions in any currency other than the Saudi Arabian Riyal. The subscription amount shall be paid by Subscribers (Waqifs) in Saudi Riyals, while Fund investments in certain assets and investment instruments may be made in currencies other than the Saudi Arabian Riyal. Profits generated from such investments will also be in currencies other than the Saudi Arabian Riyal. As such, the Fund will be exposed to currency exchange risks, as well as risks of restrictions on conversion of local currency into other currencies, and other similar currency related risks.

The Fund will expend utmost effort to minimize currency risks, However, there can be no assurance that such risks will be totally eliminated.

9. Compensation for Services, Commissions and Fees

(a) Details of All Payments of From Fund Assets and Method of their Calculation

Management Fees	The Fund Manager (Alkhabeer Capital) shall receive from the Fund Management Fees of 10% of the total received Fund proceeds or 0.75% per annum of the Fund's Net Asset Value, whichever is lower.										
Subscription Fees	Not Applicable.										
Custodian Fees	<p>The Fund shall pay the Custodian (Albilad Capital) fees of 0.10% per annum of the total asset value, if the total asset value is less than, or equal to, SAR 250 million, subject to a minimum amount of SAR 5,000. Custodian Fees shall be payable monthly. The aforementioned percentage shall decline commensurate with every increase in the total asset value, making the Custodian Fees as follows:</p> <table><tr><th>Total Asset Value (SAR Million)</th><th>% Per Annum of the Total Asset Value</th></tr><tr><td>250 – 500</td><td>0.08%</td></tr><tr><td>500 – 750</td><td>0.06%</td></tr><tr><td>750 – 1,000</td><td>0.05%</td></tr><tr><td>Over 1,000</td><td>0.04%</td></tr></table> <p>The Custodian is entitled to receive fees of SAR 30 on every transaction (i.e. every sale or purchase transaction made by the Fund in accordance with the Fund's investment policy) executed on the Saudi Exchange, in addition to fees of SAR 10 on every transaction which is not executed electronically.</p>	Total Asset Value (SAR Million)	% Per Annum of the Total Asset Value	250 – 500	0.08%	500 – 750	0.06%	750 – 1,000	0.05%	Over 1,000	0.04%
Total Asset Value (SAR Million)	% Per Annum of the Total Asset Value										
250 – 500	0.08%										
500 – 750	0.06%										
750 – 1,000	0.05%										
Over 1,000	0.04%										

Fund Operator Fees	The Fund shall pay the Fund Operator (Alkhabeer Capital) an annual fee of 0.20% of the Fund's NAV. Such Fees shall be payable semi-annually.
ZATCA Registration Expenses	Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000.
Auditor Fees	The Fund shall pay the Auditor (Talal Abu-Ghazaleh & Co. International) an annual fee of SAR 40,000.
Independent Directors' Remuneration	The Fund shall pay SAR 5,000 per annum to each Independent Director, plus an attendance fee of SAR 4,000 per meeting. Two Independent Directors were appointed to the Fund. It is expected that a minimum of two meetings and a maximum of four meetings will be held each year. The Chairman may convene an urgent Fund Board meeting whenever he deems necessary. Total Remuneration paid to all Independent Directors shall not exceed SAR 42,000 per annum. In addition, the Fund will bear all the actual travel and accommodation costs incurred by each of the Independent Directors to attend the meetings (if applicable), subject to a maximum limit of SAR 15,000 for all Independent Directors. This annual Remuneration is calculated and paid semi-annually.
Shari'a Supervisory Committee Fees	The Fund shall pay the Shari'a Board (Shariyah Review Bureau W.L.L.) an annual fee of SAR 15,000.
Benchmark Service Provider Fees	The Fund shall pay the Benchmark Service Provider (Ideal Ratings) an annual fee of SAR 22,515.
Regulatory Fees	The Fund shall pay Regulatory Fees of SAR 7,500 per annum to the CMA.
Fees for Publishing Periodic Reports on Tadawul's Website	SAR 5,000 for each Fiscal Year, calculated on each Valuation Day and deducted annually.
Dealing Expenses and Fees (Brokerage)	Brokerage expenses or any other trading fees shall be paid by the Fund directly at levels determined in accordance with applicable laws or by the dealing broker in the markets where the Fund buys or sells. Such amounts vary commensurate with the frequency of trading of the Fund's assets and the size of transactions.
Shari'a Compliant Financing Fees	These Fees, if any, shall be borne by the Fund according to the prevailing market prices. They are calculated on each Valuation Day and paid as required by the financier bank.
Other Fees and Expenses	The Fund shall pay all the other expenses related to the ongoing outsourced professional and operating services, including – without limitation – the legal, advisory, governmental, regulatory, asset valuation, annual reports' printing and distribution and sundry expenses, regulatory fees, other professional services related expenses, and expenses for the formation and operation of the special purpose vehicles established for custody of the Fund's assets. The Fund shall be liable for any due and payable tax or Zakat to be imposed in the future by the regulatory authorities. Such expenses shall not exceed 1.0% per annum of the Fund's total asset value, with the exception of the fees, commissions and taxes that are subject to government laws and regulations

Notes:

- All of the above mentioned fees, commissions and expenses which are payable to Alkhabeer Capital or third parties do not include the Value Added Tax (VAT). The Value Added Tax (VAT) will be separately charged based on percentages as provided in the Value Added Tax (VAT) Law. The Subscriber shall indemnify the Fund Manager for the full VAT amount and any liability, cost or amount (including penalties, interest and expenses) which arises as a result of the Subscriber's failure to pay the Value Added Tax (VAT). The Fund Manager will charge the VAT expense to all investors who will subscribe to the Fund.

The figures shown in the above table are estimates. Actual expenses only will be deducted, and will be listed in detail in the Fund's annual report.

(b) Table showing all the fees and expenses and the method of calculation of the consideration for the services, commissions and fees, as well as the timing of their payment by the Fund:

Type of Fees	Percentage / Amount Payable	Basis of Calculation	Timing of Calculation	Timing of Payment										
Management Fees	The Fund Manager (Alkhabeer Capital) receives from the Fund Management Fees of 10% of total Fund proceeds or 0.75% per annum of the Fund's Net Asset Value, whichever is lower.	Net Asset Value	Every valuation day	Payable semi-annually										
Custodian Fees	<div>The Fund shall pay the Custodian (Albilad Capital) fees of 0.10% per annum of the Fund's total asset value if the total asset value is less than or equal to SAR 250 million, subject to a minimum amount of SAR 5,000. The Custodian's fees are payable monthly. The aforementioned percentage declines commensurate with increased total asset value, making the Custodian's fees as follows:</div> <table><tr><th>Total Asset Value (SAR million)</th><th>% per annum of Total Asset Value</th></tr><tr><td>250 – 500</td><td>0.08%</td></tr><tr><td>500 – 750</td><td>0.06%</td></tr><tr><td>750 – 1,000</td><td>0.05%</td></tr><tr><td>Over 1,000</td><td>0.04%</td></tr></table> <div>The Custodian receives a fee of SAR 30 on every transaction (every sale or purchase transaction by the Fund in accordance with the Fund's investment policy) on the Saudi exchange, in addition to a fee of SAR 10 on every transaction executed electronically.</div>	Total Asset Value (SAR million)	% per annum of Total Asset Value	250 – 500	0.08%	500 – 750	0.06%	750 – 1,000	0.05%	Over 1,000	0.04%	Total Asset Value	Monthly	Payable monthly
Total Asset Value (SAR million)	% per annum of Total Asset Value													
250 – 500	0.08%													
500 – 750	0.06%													
750 – 1,000	0.05%													
Over 1,000	0.04%													
Fund Operator Fees	The Fund shall pay the Fund Operator (Alkhabeer Capital) an annual fee of 0.20% of the Fund's NAV.	Net Asset Value	Every valuation day	Payable semi-annually										
ZATCA Registration Expenses	Expenses for ZATCA Registration and information declaration filings are expected to amount to a sum of SAR 15,000.	Lump Sum	Payment Date	Payable annually										

Type of Fees	Percentage / Amount Payable	Basis of Calculation	Timing of Calculation	Timing of Payment
Auditor Fees	The Fund shall pay the Auditor (Talal Abu-Ghazaleh & Co. International) an annual fee of SAR 40,000.	Lump Sum	Every valuation day	Payable semi-annually
Shari'a Supervisory Committee Fees	SAR 15,000 per annum	Lump Sum	Every valuation day	Payable annually
Benchmark Service Provider Fees	SAR 22,515 per annum	Lump Sum	Every valuation day	Payable annually
Regulatory Fees	SAR 7,500 per annum	Lump Sum	Every valuation day	Payable annually
Report Publishing Fees on Saudi Tadawul's Website	SAR 5,000 per annum	Lump Sum	Every valuation day	Payable annually
Dealing (Brokerage) Expenses and Fees	The brokerage fees or any other trading fees are payable by the Fund directly calculated at levels determined in accordance with the laws or by the Intermediary in the markets where the Fund deals. Such amounts vary commensurate with the types of deals, the nature of investments and the size of transactions,	Per Transaction	Transaction Date	Immediate
Saudi Tadawul Website Publishing Fees	SAR 5,000 per annum	Annual lump sum	-	Payable annually
Shari'a Compliant Financing Costs	Shall be borne by the Fund, if any, based on the prevailing market rates	N/A		
Other Fees and Expenses		Variable	Due Date	Immediate

Note: All of the above mentioned payments are subject to the Value Added Tax (VAT), the rate of which may change from time to time.

(c) Hypothetical example showing the ratio of the Fund's costs to the Fund's Total Asset Value at the Fund's and Unitholder's level during the life of the Fund, including the ratio of recurring and non-recurring costs

The following table depicts a hypothetical illustrative example of a client's subscription in the Fund in a sum of SAR 100 thousand, which did not vary throughout the year, assuming that the Fund's total asset value during that period is SAR 10 million (excluding any leverage), which did not vary throughout the year, and assuming that the Fund generates an annual return on subscription of 10.00% at the end of the period. The following hypothetical example shows the Unit Subscriber's share of the expenses in Saudi Riyal (annualized)

Hypothetical Fund Information (At the Fund's Level) (SAR) ¹	Percent/ Value	Recurring/ Non Recurring	First Year at the Fund's Level with an asset value of SAR 10,000,000, assuming generation of an annual return of 10.00% at the end of the period	First Year at the hypothetical Subscription Level with a value of SAR 100,000 for the Unitholder	Second Year at the Fund's level (SAR) assuming generation of an annual return of 10.00% at the end of the period	Second Year at the hypothetical Subscription Level with a value of SAR 100,000 for the Unitholder
Number of Fund Units	-	-	1,000,000	10,000	1,000,000	10,000
Fund's Total Asset Value at the Beginning of the Period (SAR)	-	-	10,000,000	100,000	10,182,097	101,821
Hypothetical Annual Return at the End of the Period	-	-	1,000,000	10,000	1,018,210	10,182
Fund's Total Asset Value at the End of the Period	-	-	11,000,000	110,000	11,200,307	112,003
Total Non-Recurring Fees and Expenses	-	-	N/A	N/A	N/A	N/A
ZATCA Registration Expenses	15,000	Recurring	15,000	150	15,000	150
Auditor's Fees	40,000	Recurring	40,000	400	40,000	400
Shari'a Supervisory Committee Fees	15,000.00	Recurring	15,000	150	15,000	150

Saudi Tadawul Publishing Fees	5,000	Recurring	5,000	50	5,000	50
Regulatory Fees	7,500	Recurring	7,500	75	7,500	75
Benchmark Service Provider Fees	22,515	Recurring	22,515	225	22,515	225
Independent Directors Remuneration	42,000	Recurring	42,000	420	42,000	420
Custodian Fees	0.10%	Recurring	11,000	110	11,200	112
Fund Operator Fees	0.20%	Recurring	21,684	217	22,084	221
Other Fees and Expenses	0.10%	Recurring	10,842	108	11,042	110
Management Fees	10% of total Fund proceeds or 0.75% per annum of the Fund's Net Asset Value, whichever is lower	Recurring	81,071	811	82,567	826
Total Recurring Fees and Expenses	-	-	271,612	2,716	273,909	2,739
Total Fees and Expenses	-	-	271,612	2,716	273,909	2,739
Net Dividend Distributions	75%		546,291	5,463	558,226	5,582
Net Growth of Asset Value	-	-	182,097	1,821	186,075	1,861
Fund's NAV net of Fees and Distributions	-	-	10,182,097	101,821	1,387,051	103,781

¹ Excluding VAT.

² Maximum limit used.

(d) Transaction Fees Payable by Unitholders on Subscription, Redemption and Transfer of Units, and Method of Calculation of such Fees

The Fund Manager does not impose any fee on subscription and additional subscription transactions, taking into consideration that Units cannot be redeemed or transferred given the Waqf nature of the Fund.

(e) Reductions and Special Commissions and Explanation of the Fund Manager's Related Policy:

Not applicable.

(f) Information Related to Zakat and/or Tax

Given the Waqf nature of the Fund, Zakat does not apply to its assets or yield, unless otherwise provided in the laws and regulations.

The Fund Manager shall also comply with the "Rules of Zakat Collection from Investors in Investment Funds", as amended from time to time. The Fund Manager also undertakes to register the Fund with the Zakat, Tax and Customs Authority (ZATCA) for the purposes of zakat and filing requisite returns in accordance with CMA Rules and Regulations, as amended. The responsibility for the calculation and payment of zakat falls upon the Fund Unitholders. The Fund may not in any way be held liable in this respect.

The Fund Manager undertakes to provide ZATCA with all required information filings within a period not exceeding 120 days after the end of the Fund's zakat year. The Fund Manager will also provide Unitholders with requisite information for zakat base calculation upon request in accordance with the rules. Zakat paying investors subject to these Rules holding Fund Units are required to calculate and pay zakat on those investments. The Fund Manager also undertake to notify the ZATCA within 60 days from the termination of the Fund. ZATCA rules are available through the following link:

<https://zatca.gov.sa/en/Pages/default.aspx>

(g) Special Commission by the Fund Manager

Subject to the guidelines of the Shari'a Supervisory Committee, the Fund Manager may enter into special commission arrangements which are limited to goods and services the Fund Manager may obtain, provided they relate to the execution of transactions on behalf of the Fund, or to the submission of research to the benefit of the Fund in accordance with the Capital Markets Institutions Regulations.

(h) Hypothetical example showing all the fees and expenses and the transaction fees payable out of Fund assets or by the Subscriber (Waqif) in the Fund's Currency *

The following table depicts a hypothetical illustrative example of a client's subscription in the Fund in a sum of SAR 100 thousand, which did not vary throughout the year, assuming that the Fund's total asset value during that period is SAR 10 million, which did not vary throughout the year, and assuming that the Fund generates an annual return on subscription of 10.00% at the end of the period. The following hypothetical example shows the Unit Subscriber's share of the expenses in Saudi Riyal (annualized):

Hypothetical Fund Information	
Unit Price at the Beginning of the Period	SAR 10
Number of Fund Units	10,000,000 Units
Fund Size at the Beginning of the Period	SAR 10,000,000
Hypothetical Annual Return at the End of the Period (10%)	SAR 1,000,000
Total Fund Size at the End of the Period	SAR 11,000,000
Hypothetical Subscription Information	

Number of Hypothetical Subscription Units	10,000 Units
Hypothetical Subscription Amount	SAR 100,000

	Percentage % or Value (SAR)	At the Fund's Level (SAR)	At the Hypothetical Subscription Level (SAR)
Fees and Expenses			
ZATCA Registration Expenses	15,000	15,000	150.00
Auditor's Fees	40,000	40,000	400.00
Independent Directors Remuneration**	42,000	42,000	420.00
Shari'a Supervisory Committee Fees	15,000	15,000	150.00
Benchmark Service Provider Fees	22,515	22,515	225.15
Regulatory Fees	7,500	7,500	45.00
Fees for Publishing Periodic Reports on Saudi Tadawul's Website	5,000	5,000	50.00
Custodian Fees	0.10%	11,000	110.00
Fund's Net Asset Value Before Management Fees and Fund Operator Fees		10,861,985	108,620
Management Fees	0.75%	81,071	810.71
Fund Operator Fees	0.20%	21,684	216.84
Other Fees and Expenses	0.10%	10,842	108.42
Total Fees and Expenses	2.72%	271,612	2,716.12
Fund's NAV at the End of the Period		10,728,388	107,283.88
Net Income	7.28%	728,388	7,283.88

* Excluding VAT, taking into consideration that the above table is a hypothetical example.
All expenses are paid and incurred by the Fund Manager provisionally out of its own account in the first, second and third years.

** The maximum limit was used.

*** Table showing the method of calculating Management Fees.

The Fund Manager receives from the Fund Management Fees equal to 10% of the Fund's total returns, provided the Management Fees do not exceed 0.75% per annum of the Fund's NAV		
	At the Fund's Level (SAR)	At the Hypothetical Subscription Level (SAR)
10% of the Fund's Total Returns	100,000	1,000.00
0.75% per Annum of the Fund's NAV	81,071	810.71
Using the lower value, the total Management Fees applied equal 0.75% per annum of the Fund's NAV	81,071	810.71

10. Valuation and Pricing

(a) Detailed Description of the Method of Valuation of each Fund Asset

Investment	Valuation Method
REITs and REIT Initial Public Offerings (IPOs)	<ul style="list-style-type: none">- Valuations of Real Estate Investment Traded Funds (REITs) are conducted based on the closing prices of the units held by the Fund as at the Valuation Day.- Valuations of funds subscribed to by way of IPOs are conducted during the period between the date of underwriting and the date of security trading based on the underwriting price.
Money Market Funds	Valuations are conducted based on the last unit price announced by the underlying fund.
Income Generating Real Estate Investment Funds (Open-Ended or Closed-Ended)	Valuations are conducted based on the last unit price announced by the underlying fund.
Income Generating Investment Funds "Non Real Estate"	Valuations are conducted based on the last unit price announced by the underlying fund.
Sukuk	<ul style="list-style-type: none">- Listed Sukuk: Valuations of listed Sukuk are conducted based on their last closing prices.- Unlisted Sukuk: The invested amount plus the accrued profits for the period up to the Valuation Day.
Sukuk Funds	Valuations are conducted based on the last unit price announced by the underlying fund.
Murabaha Transactions	The invested amount plus the accrued profits for the period up to the Valuation Day.
Murabaha Funds	Valuations are conducted based on the last unit price announced by the underlying fund.

(b) Number and Frequency of Valuation Points

Fund assets are valued on Mondays and Thursdays, weekly. When neither of those days is a Business Day, then the Valuation Day shall fall on the next Business Day.

(c) Action to be taken in the event of an error in valuation or pricing

In the event of an error in valuation or pricing of any Fund asset, or in the event of the wrong calculation of the Unit price, the Fund Manager will:

- Document any wrong valuation or pricing of a Fund asset or wrong calculation of a Unit price;
- The affected Units will be compensated for all the valuation or pricing errors without delay;
- Notify the CMA immediately of any error in valuation or pricing representing 0.5% or more of the Unit price. Such error shall be disclosed immediately on the Fund Manager's website and on Tadawul's website, as well as in the Fund's reports prepared by the Fund Manager, in accordance with Article 71 of the Investment Funds Regulations;
- Submit a summary of all the valuation and pricing errors (if any) to the CMA, as required in accordance with Article 72 of the Investment Funds Regulations.

(d) Method of Calculation of the Unit Price for Purposes of Executing the Subscription Applications

The Unit Price shall be calculated on the scheduled Valuation Day based on the Fund's NAV less the fixed fees and expenses, deducted first, followed by the variable fees based on the Fund's NAV, using the following equation: Fund's total asset value less total liabilities – including any obligations, fees and expenses incurred by the Fund which are due but not paid – divided by the total number of outstanding Fund Units as at the relevant Valuation Day. The Fund's NAV shall be valued in Saudi Arabian Riyals.

(e) Place, Time and Recurrence of Announcing the Unit Price

The Fund Manager shall announce the Unit Price on the next Business Day in the Kingdom following the Valuation Day, on the Fund Manager's website (www.alkhabeer.com) and on Tadawul's website (www.saudiexchange.sa).

11. Dealings

(a) Details of the Initial Offering, such as the Starting Date, Period, and Initial Offering Price:

- The Unit Price at the commencement of the Offering is SAR 10.
- The Initial Offering Period is 45 business days starting 2 Muharram 1441, corresponding to 1 September 2019 to 6 Rabi I 1441, corresponding to 3 November 2019, or any other date as determined by the Fund Manager.
- The expected date of the Fund's commencement of operation is 7 Rabi I 1441, corresponding to 4 November 2019

(b) Scheduled Date and Deadlines for Submission of the Fund Subscription Applications

The Dealing Day is the day on which the subscription for Fund Units is executed. It is the Business Day following each Valuation Day (Monday and Thursday of each week. If any of those days is not a Business Day, then the Valuation Day shall fall on the next Business Day).

Subscription applications may be submitted on any Business Day. All subscriptions shall be paid for at or before 12:00 noon at the latest on the Business Day in the Kingdom of Saudi Arabia which precedes the Valuation Day, so that the subscription for the Fund starts on the Valuation Day. As for applications which are submitted after 12:00 noon on the Business Day which precedes the Valuation Day, or if the intended Valuation Day is an official holiday for banks or Authorized Persons in the Kingdom of Saudi Arabia, subscription applications shall be executed on the next Valuation Day.

(c) Procedures for Submission of the Unit Subscription Applications

Each investor shall open an investment account with Alkhabeer Capital. The prospective Subscriber (Waqif) for the Fund Units shall complete and sign the "Subscription Application" Form, and also sign these Terms and Conditions regarding the subscription to the Fund, and shall submit them on any Business Day to the Fund Manager and pay the Subscription Amount either by way of a bank transfer to the order of the Fund's account or by a bank draft issued by an approved local bank. Individual Subscribers (Waqifs) are required to present valid national ID cards (for Saudis), national ID cards/passports (for GCC nationals) and valid resident permits (for residents). Institutional Subscribers (Waqifs) are required to provide a letter certified by the company/establishment, in addition to a copy of the commercial registration. The Subscriber (Waqif) may also submit the completed subscription forms by post or express mail or via permitted electronic channels. Following

subscription, the Subscriber shall receive a confirmation of its ownership of the Units from the Fund Manager. Such confirmation shall contain the details of the subscription.

The Fund Manager may reject the subscription applications at its absolute discretion, or based on anti-money laundering reports or the information contained in the "Know Your Customer (KYC)" form, or upon any instructions issued by any regulatory authority. The Fund Manager may also reject any subscription application it deems it may be in violation of the Capital Market Law and its Implementing Regulations. The Fund Manager is entitled to exchange information on Subscribers with the Custodian for the purpose of satisfying the internal audit and anti-money laundering and combating the financing of terrorism requirements.

(d) Restrictions on Dealing in Fund Units

When executing the subscription applications, the Fund Manager shall abide by the provisions and requirements of the Investment Funds Regulations and these Terms and Conditions. The Fund Manager will not be able to accept any redemption application from Subscribers (Waqifs), given the Waqf nature of the Fund.

(e) Events of Postponement or Suspension of Dealing in Units and Procedures to be Followed in such Events

Article 67 of the Investment Funds Regulations "Suspension of Subscription or Redemption of Units" related to the suspension of dealing in Fund Units, stipulating as follows, shall be complied with:

- a) The fund manager must suspend the subscription and redemption of units if the Authority orders any such suspension.
- b) The fund manager may not suspend the subscription and redemption of units, unless in the following circumstances:
 - (i) if the fund manager reasonably believes that any such suspension is in the best interests of the unitholders in the public fund; or
 - (ii) if there has been a suspension of dealing on the principal market in which the securities or other assets held by the public fund are dealt, either in general or in relation to assets of the public fund which the fund manager reasonably believes to be material to the net asset value of the public fund.
- c) For any suspension imposed by the fund manager pursuant to Paragraph (b) of this Article, the fund manager must:
 - (i) ensure that any suspension continues only for as long as it is necessary and justified having regard to the best interests of the Subscribers (Waqifs);
 - (ii) review the suspension on a regular basis and shall consult with the fund's board of directors, the custodian and the fund operator on a regular basis regarding that;
 - (iii) notify both the Authority and the Subscribers (Waqifs) immediately of any suspension, and give the reasons for the suspension, and shall similarly notify both the Authority and the Subscribers (Waqifs) as soon as the suspension ends and disclose it on the website of the Fund Manager and any other website available to the public according to the controls set out by the Authority.
- d) The Authority shall have the power to lift such suspension if the Authority believes that to do so is in the best interests of Subscribers (Waqifs).

The Fund Manager reserves the right to reject the subscription application of any Fund Subscriber, if such subscription – inter alia – causes a breach of the Fund's Terms and Conditions or a violation of the laws or implementing regulations which may be imposed from time to time by the Capital Market Authority, the General Authority for Awqaf or other regulatory authorities in the Kingdom of Saudi Arabia.

(f) Process of Selection of the Redemption Applications to be Postponed

The Fund does not accept any redemption applications, given its Waqf nature.

(g) Provisions Governing the Transfer of Units to Other Investors

The Fund neither accepts nor executes any applications for the transfer of Units, given its Waqf nature.

(h) Minimum Value of Units that the Unitholder Must Subscribe for, Transfer or Redeem

Minimum Subscription to the Fund is SAR 1,000, and the minimum amount of any subsequent subscription is SAR 100.

The Fund does not allow redemption, assignment or pledging of Units, given its Waqf nature.

(i) Minimum Amount the Fund Manager Intends to Raise and the Consequences of Failure to Raise that Minimum Amount for the Fund

The Fund Manager targets to raise SAR 10 million as minimum Fund Capital. The minimum amount for the commencement and operation of the Fund shall be subject to the Investment Funds Regulations and the Capital Market Authority's Instructions in this respect.

12. Distribution Policy

(a) Income and Dividend Distribution Policy, including Details of Unclaimed Distributions

The Fund Manager reserves the right to make a full or partial distribution of the profits realized on the Fund's investments, if any, and/or distribute the capital gains which are realized – if any – by the Fund at the discretion of the Fund Manager. Such profits shall be distributed once a year, subject to the Fund Board's approval. The Fund Manager may make more than one distribution. The Fund Manager may also reinvest the profits received on the Fund's investments on a temporary basis in Murabaha funds and Murabaha transactions executed with a counterparty regulated by the Saudi Central Bank or a similar regulatory authority outside the Kingdom of Saudi Arabia, until such distributions become due and payable to the Beneficiary. Their profits shall be added to the total profits which are distributable in favour of the Beneficiary. When a decision to make distributions is made, a minimum of 75% of the net received Fund proceeds shall be paid to the Beneficiary to support the Society's charitable activities. The remaining percentage of the undistributed proceeds shall be reinvested in Alkhabeer Waqf Fund I.

(b) Approximate Due Date and Distribution Date

Dividends shall be distributed – under normal circumstances – once a year, within 10 Business Days after the end of December of each year. The Fund Manager may make more than one distribution, or make distributions on different dates.

(c) Method of Payment of Distributions

A certain percentage of a minimum of 75% of the net Fund proceeds – if any – shall be distributed to the Beneficiary. The remaining percentage of the undistributed proceeds shall be reinvested in Alkhabeer Waqf Fund I.

13. Reporting to Subscribers (Waqifs)

(a) Information Related to Annual Reports, including the Quarterly, Interim and Annual Financial Statements

- The accounting period and Fiscal Year of the Fund is 12 calendar months, ending on 31 December. The Fund's initial accounting period starts as from the date of commencement of operation of the Fund and ends on 31 December 2020. The Fund Manager shall prepare and issue the Fund's short-form annual reports, interim reports and audited annual financial statements, to be made available to Subscribers (Waqifs) upon request, free of charge.
- The Fund's annual reports shall be made available to the public within no later than 3 months after the end of the reporting period. The Fund Manager shall prepare the interim reports, and make them available to the public within (30) days after the end of the reporting period. Annual reports and interim reports may be provided to Subscribers (Waqifs) upon their request by electronic mail and/or in printed form, and will be published on the websites of the Fund Manager and Saudi Tadawul. The Fund Manager shall provide each Unitholder with detailed information on the Net Asset Value of the Units the Unitholder holds and a record of the transactions executed on the Unitholder's Units, once per year. The Fund Manager shall also send to the Subscribers (Waqifs) (including former Subscribers (Waqifs) who held Units during the reporting Fiscal Year) an annual statement within (30) days after the date of issue of the annual financial statements, summarizing the transactions made in respect of the Units during the year.

The Fund Manager shall disclose on a quarterly basis on its website and on Saudi Tadawul's website and via any other medium determined by the CMA, the information required in accordance with Article 76 of the Investment Funds Regulations, which shall include, as a minimum, the information contained in Annex (4) of the Investment Funds Regulations.

(b) Places and means of providing Fund reports prepared by the Fund Manager

The Fund's annual reports, including the financial statements, shall be made available on the Fund Manager's website: www.alkhabeer.com, and on Saudi Tadawul's website: www.saudiexchange.sa. Other notices – if any – shall be sent to the postal address and/or the email address, as shown in the records of the Fund Manager.

(c) Means of Providing Subscribers (Waqifs) with Annual Financial Statements

The Fund's annual financial statements, including the Fund's audited annual financial statements, shall be made available to Subscribers (Waqifs) and Prospective Investors free of charge on the Fund Manager's website: www.alkhabeer.com, and on Saudi Tadawul's website: www.saudiexchange.sa. The first audited financial statements for the first Fiscal Year ending 31 December 2019, will be made available.

(d) The Fund Manager acknowledges that the first audited financial statement will be available at the end of the Fund's fiscal year. The Fund's initial accounting period ends on 31 December 2021.

- (e) **The Fund Manager acknowledges that the audited annual financial statements of the Fund will be made available to the Fund Unitholders upon request, free of charge.**

14. Register of Subscribers (Waqifs)

- (a) **Description of the Preparation and Maintenance of an Updated Unitholders Register in the Kingdom**

The Fund Manager shall be responsible for preparing an updated Register of Subscribers (Waqifs) in accordance with the Investment Funds Regulations, to be kept in the Kingdom, subject to strict confidentiality. The Register of Subscribers (Waqifs) is a definitive evidence of the Units recorded therein. The Register shall be made available for the purposes of inspection by the authorities concerned upon their request. A summary of the Register, including detailed information on the number of Units the Subscriber holds, the Net Asset Value of the Units and the dividends distributed to the Beneficiary, shall be provided to any Unit Subscriber free of charge upon request.

- (b) **Procedures for Invitation to a Meeting of the Subscribers (Waqifs) (Such as the Location where the Unitholders can obtain the Register)**

The Fund Manager maintains the Unitholders' Register at its Head Office.

15. Meeting of the Unitholders (Subscribers' (Waqifs'))

- (a) **Circumstances where a Subscribers' (Waqifs') Meeting is Called**

The Fund Manager may call a meeting of the Subscribers (Waqifs) in the following events:

- At the Fund Manager's initiative;
- Upon a written request by the Custodian, in which case, the Fund Manager shall call a meeting of the Subscribers (Waqifs) within (10) Business Days after receiving such request from the Custodian;
- Upon a written request by the Beneficiary or one or more Subscriber(s) (Waqif(s)) who collectively or individually hold(s) at least more than 25% of the value of Fund Units. The Fund Manager shall call a Subscribers' (Waqifs') meeting within (10) Business Days after receiving such request from the Beneficiary or the Subscribers (Waqifs).

- (b) **Procedures for Calling a Meeting of the Subscribers (Waqifs)**

The Fund Manager shall call for a meeting of Subscribers (Waqifs) by announcing the invitation on its website and that of Saudi Tadawul, and by written notice sent to all Subscribers (Waqifs) and the Custodian, giving a minimum of 10 day notice and a maximum of 21 day notice of the meeting. The announcement and the notice must specify the date, place, time and agenda of the meeting and the proposed resolutions. The Fund Manager must at the same time send such notice to the CMA.

- (c) **Description of the Method of Voting of the Subscribers (Waqifs) and the Voting Rights in the Meetings of the Subscribers (Waqifs)**

- a) The quorum required to conduct a meeting of Subscribers (Waqifs) shall be such number of Subscribers (Waqifs) holding collectively at least 25% of the value of the Fund Units. For the avoidance of doubt, the Fund Manager and its affiliates do not have voting rights for Units they own.
- b) If the quorum requirements set out above are not met, the Fund Manager shall call for a second meeting by announcement on its website and that of Saudi Tadawul, and shall

send a notice in writing to the Custodian giving not less than 5 days' notice of the second meeting. At the second meeting, any number of Subscribers (Waqifs) holding any number of Units, present in person or represented by a proxy, shall be deemed to satisfy quorum.

- c) Every Unitholder shall be entitled to appoint a proxy to represent such Unitholder at a meeting of Subscribers (Waqifs).
- d) Each Unit held by a Unitholder shall represent one vote at the meeting of the Subscribers (Waqifs).
- e) The Subscribers (Waqifs)' meetings and their deliberations and voting on resolutions may be conducted through modern technology means in accordance with the requirements set out by the CMA.
- f) Each Unitholder is entitled to exercise the rights related to the Units, including obtaining the Unitholders approval of any changes which require approval in accordance with the provisions of the Investment Funds Regulations.
- g) The Unitholder may authorize the Beneficiary to exercise all of the Unitholder's rights at the meetings of the Subscribers (Waqifs) and in respect of the resolutions made at those meetings.
- h) In the event of the demise of the Subscriber (Waqif), all voting rights at the meetings shall be transferred to the Beneficiary.

16. Rights of the Subscribers (Waqifs)

a) List of Rights of the Subscribers (Waqifs)

- To obtain an up to date copy of the Fund's Terms and Conditions in Arabic, free of charge;
- To obtain Fund reports and statements in accordance with the provisions of Clause 13 of the Terms and Conditions and Article 76 of the Investment Funds Regulations "Reporting to Unitholders";
- To notify Subscribers (Waqifs) of any Fundamental or Non-Fundamental Changes to the Fund's Terms and Conditions, and send a summary of such change before it goes into effect, based on its type and period as specified in the Investment Funds Regulations.
- Right to Call for Meeting: Subscribers (Waqifs) meetings are held in accordance with applicable regulations and instructions. For further information, see the Clause titled "Other Information - Subscribers (Waqifs) Meeting" in these Terms and Conditions.
- To obtain the approval of the Subscribers (Waqifs) by way of an ordinary Fund resolution on any fundamental change in the Fund's Terms and Conditions.
- Information on the Subscriber's (Waqif's) will not be shared excepted where necessary to open the investor account, execute its transactions and comply with the applicable regulations of the competent regulatory authorities, or if sharing such information is in the best interest of Subscriber's (Waqif's);
- The Subscriber's (Waqif's) shall be notified in writing in the event the Fund Manager decides to terminate the Fund, at least 21 days prior to the intended termination date, without prejudice to the Fund's Terms and Conditions;

- Any other rights of the Subscriber's (Waqif's) as provided in accordance with laws and implementing regulations issued by the CMA Board, as well as applicable instructions in effect in the Kingdom of Saudi Arabia.

a) The Fund Manager's Policy on the Voting Rights Associated with Any Assets of the Public Fund Managed by the Fund Manager

- Voting rights at the meetings of the Subscriber's (Waqif's):
 - The Unitholder is entitled to exercise all rights associated with the Units, included obtaining the Unitholder's approval on any changes which require approval in accordance with the provisions of the Investment Funds Regulations.
 - The Unitholder may authorize the Beneficiary to exercise all of the Unitholder's rights at the meetings of the Subscribers (Waqifs) and in respect of the resolutions made at those meetings.
 - In the event of the demise of the Subscriber (Waqif), all voting rights at the meetings shall be transferred to the Beneficiary.

17. Liability of the Subscribers (Waqifs)

The Subscriber's (Waqif's) expressly represent and agree as follows:

- The Fund Manager does not give any representation or guarantee of the performance or profitability of any investment managed by the Fund. The Fund Manager may not be held legally liable or accountable for any decrease in the value of the managed investments or the decrease of the value of the Fund's assets, except in events caused by gross negligence or infringement.
- Apart from the Unitholder's loss of all or part of his investment in the Fund, the Unitholder shall not be liable for the debts and obligations of the Funds.
- In the event Subscribers (Waqifs) do not provide the Fund Manager with the postal address, electronic mail and/or correct other contact details, the Unitholder hereby agrees to indemnify and hold the Fund Manager harmless and waives all of his rights and any claims against the Fund Manager arising directly or indirectly as a result of not providing the Unitholder with a statement of account, notices or any other information related to the investments, or due to the inability of the Subscribers (Waqifs) to respond, verify the information, or correct any alleged errors in the statement of account, notices or any other information.
- If the Subscriber (Waqif) is subject to the laws of a jurisdiction other than the Kingdom of Saudi Arabia, it shall be governed by those laws without creating any obligation against the Fund or the Fund Manager.

18. Characteristics of the Units

The Fund Manager may issue an unlimited number of Units, all of which are endowed for the same purpose and of the same category. The Unitholders shall have equal rights and shall be treated equally by the Fund Manager, as each Unit represents an equal common share in the assets of the Fund, and is non-transferrable.

19. Changes in the Fund's Terms and Conditions

(a) Provisions Applicable to Changes in the Fund Terms and Conditions, Approvals and Notices as stipulated in the Investment Funds Regulations

The Fund Manager shall comply with the provisions of the Investment Funds Regulations related to changes to the terms and conditions of public funds. Those changes are divided into two main changes, namely fundamental changes and non-fundamental changes, as provided in Articles 62 and 63 of the Investment Funds Regulations:

Fundamental Changes:

The Fund Manager shall obtain the consent of the Fund Unitholders to the proposed Fundamental Change by way of an Ordinary Fund Resolution.

The Fund Manager, having obtained the consent of Subscribers (Waqifs) and the Shari'a Supervisory Committee, shall obtain the approval of the CMA on the proposed Fundamental Change to the Fund. The Fund Manager shall also send a notice to Subscribers (Waqifs), and shall disclose the details of the Fundamental Changes on its website and on any other website available to the public, subject to CMA's guidelines, (10) days prior to the effective date of the change. Details of the Fundamental Changes shall be shown in the public fund's reports prepared by the Fund Manager in accordance with Article (76) of the Investment Funds Regulations

Non-Fundamental Changes:

The Fund Manager shall notify the CMA and Subscribers (Waqifs) of, and shall disclose on its website and on any other website available to the public, subject to CMA's guidelines, any Non-Fundamental Changes to the public fund managed by the Fund Manager, (10) days prior to the effective date of the change.

The Fund Manager shall obtain the Fund Board's approval prior to introducing any Non-Fundamental Change.

Details of the Non-Fundamental Changes shall be shown in the public fund's reports prepared by the Fund Manager in accordance with Article (76) of the Investment Funds Regulations

(b) Procedures to be Followed to Notify of any Change to the Fund's Terms and Conditions

Fundamental Changes: The Fund Manager shall send a notice to Subscribers (Waqifs), and shall disclose the details of the Fundamental Changes on its website and on Tadawul's website (10) days prior to the effective date of the change;

Non-Fundamental Changes: The Fund Manager shall notify the CMA and Subscribers (Waqifs) of, and shall disclose on its website and on any other website available to the public, subject to CMA's guidelines, any Non-Fundamental Changes to the public fund, (10) days prior to the effective date of the change.

The Fund Manager will disclose all the changes to the Fund's Terms and Conditions in the Fund's annual reports, including the Fund's short-form annual reports and pro forma financial statements, which are prepared in accordance with Article (76) of the Investment Funds Regulations.

- The Fund Manager shall submit to the CMA an updated copy of the Fund's Terms and Conditions within (10) days after introducing any change to them. The Fund Manager

shall also submit an updated copy of the Fund's Terms and Conditions to the Custodian immediately upon updating them.

The Fund Manager shall publish a copy of the Fund's Terms and Conditions on its website and Tadawul's website or any other website available to the public, subject to CMA's guidelines (as applicable). The Fund Manager shall also announce any updated copy of the Fund's Terms and Conditions on its website and Tadawul's website or any other website available to the public, subject to CMA's guidelines (as applicable), within (10) days after introducing the update.

20. Termination and Liquidation of the Fund

(a) Events triggering termination of the Fund and Relevant Procedures in Accordance with the Investment Funds Regulations:

❖ The Fund shall be terminated in any of the following events (each referred to as a "Termination Event"):

- The Fund Manager's decision to terminate and discontinue the Fund.
- Following obtaining the approval of the Fund Board, in the event the Fund is exited, or all of its assets are sold and all the proceeds of such dispositions have been distributed to the Waqf Beneficiary.
- If 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 considered such change as a justified reason to terminate the Fund, or if the termination of the Fund is required based on a resolution by the CMA or in accordance with CMA's regulations, in which case, the Fund Manager shall terminate the public fund immediately upon the occurrence of such event.
- If the Fund's investment objective is achieved and the Fund Manager decides to terminate and discontinue the Fund.
- If the Fund's Terms and Conditions provide for its termination upon occurrence of a particular event.

❖ Procedures for Termination in Accordance with the Investment Funds Regulations:

- The Fund Manager shall specify the termination provisions of the Fund in the Terms and Conditions of the Fund. In the event the Fund Manager intends to terminate the Fund, the Fund Manager must complete the process of selling the Fund's assets and distribute the proceeds to the Waqf Beneficiary. For the purpose of terminating the Fund, the Fund Manager must prepare a plan and procedures for the termination of the Fund consistent with the Subscribers (Waqifs) interests and must obtain the Fund Board's approval on such plan prior to carrying out any procedure in this regard.
- The Fund Manager shall notify the CMA and the Subscribers (Waqifs) in writing of the detailed plan and procedures for the termination of the Fund, at least (21) days prior to the intended Fund termination date, without

prejudice to the Waqf nature of the Fund and subject to the Fund's Terms and Conditions.

- The Fund Manager must adhere to the approved plan and procedures for the termination of the Fund.
- The Fund Manager must notify the CMA and Subscribers (Waqifs), in writing, of the Fund's termination within 10 days from the end of the Fund's Term in accordance with the requirements as stipulated in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
- If the Fund's Terms and Conditions provide that the Fund will be terminated upon the occurrence of a certain event, the Fund Manager must terminate the Fund immediately upon the occurrence of such event and notify the CMA and the Subscribers (Waqifs) in writing within 5 days from the occurrence of the event triggering the termination of the Fund.
- The Fund Manager shall comply with the plan and procedures for Fund liquidation as approved in accordance with the foregoing paragraph.
- The Fund Manager shall notify the CMA and the Unitholders of the end of the Fund liquidation within 10 days from the end of the Fund liquidation in accordance with the requirements in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
- The Fund Manager shall treat all Subscribers (Waqifs) equally during the Fund termination or liquidation process.
- The Fund Manager shall immediately upon the end of Fund's Term or liquidation, distribute the entitlements of the Subscribers (Waqifs) to them, without delay and in a manner that does not conflict with the interests of Unitholders and the Fund's Terms and Conditions.
- The Fund Manager shall announce the termination of the Fund on its website and on Tadawul's website, as well as on any other website available to the public, subject to the guidelines issued by the CMA.
- The Fund Manager shall provide the Subscribers (Waqifs) with the Fund termination report, in accordance with the requirements of Annex (14) of the Investment Funds Regulations within a period not exceeding 70 days from the date of completion of the Fund's termination or liquidation, including the final audited financial statements of the Fund for the period subsequent to the last audited annual financial statements.
- The CMA may remove the Fund Manager from the liquidation process in the event of a special Fund resolution issued by the Subscribers (Waqifs), provided that a replacement liquidator is appointed during the same meeting in which the Subscribers (Waqifs) voted on removing the Fund Manager.
- In the event the Fund manager is removed from the liquidation process, it shall fully cooperate to transfer liquidation responsibilities to the appointed liquidator. It shall also transfer to the appointed liquidator all the documents of the relevant investment fund, that will enable it to complete the liquidation within 20 days from the issuance of CMA's resolution to remove the Fund Manager and appoint a replacement liquidator.

- The Fund Manager shall notify the Subscribers (Waqifs) in writing in the event the CMA issues a resolution to remove the Fund Manager and appoint a replacement liquidator.
- In all events, the Fund Manager must notify the CMA and the Subscribers (Waqifs), in writing, immediately and without any delay of any material events or developments during the liquidation period of the Fund.
- In the event of termination of the Fund, the Fund's assets shall be transferred after settlement of its liabilities, to become Waqf assets of the Beneficiary.
- In accordance with Article (8.1) of the "Instructions for Approval on Establishing Waqf Investment Funds", issued by the General Authority for Awqaf (GAA), and without prejudice to the Waqf nature of the Fund and subject to the laws, regulations and instructions applicable to the Fund, the Fund Manager shall notify the GAA of its intention to terminate the Fund, showing cause.
- In accordance with Article (8.2) of the "Instructions for Approval on Establishing Waqf Investment Funds", issued by the General Authority for Awqaf (GAA), the Fund shall be terminated after obtaining requisite regulatory approvals, including the approval of the GAA.
- In accordance with Article (8.3) of the "Instructions for Approval on Establishing Waqf Investment Funds", the Fund assets shall upon termination of the Fund, be transferred as provided in the Fund's Terms and Conditions. However, if such transfer is not possible, the CMA may at its sole discretion transfer them to another beneficiary in a manner consistent with the Waqf Giver's terms.

(b) Procedures for Liquidation of the Fund:

- For the purpose of liquidating the Fund, the Fund Manager will obtain the Fund Board's approval (where applicable) on the plan and procedures for the liquidation of the Fund prior to carrying out any action in this regard.
- The Fund Manager will comply with the plan and procedures for the liquidation of the Fund, which are approved as stipulated in foregoing Paragraph.
- The Fund Manager will notify the CMA and the Subscribers (Waqifs) in writing of the completion of the Fund's liquidation within (10) days from the date of completion of the Fund's liquidation, in accordance with the requirements stipulated in Paragraph (d) of Annex (10) of the Investment Funds Regulations.
- The Fund Manager will treat all the Subscribers (Waqifs) equally during the process of termination or liquidation of the Fund.
- The Fund Manager will, immediately upon the Fund's liquidation, distribute the amounts due and payable to the Subscribers (Waqifs) without delay and in a manner that does not conflict with the interests of the Subscribers (Waqifs) and the Fund's Terms and Conditions.
- The Manager of the public fund shall announce the end of the Fund's liquidation on its website, and on Saudi Tadawul's website, or on any other

website open to the public, subject to CMA's requirements (where applicable).

- The Fund Manager will provide the Subscribers (Waqifs) with a report on the Fund's termination, in accordance with the requirements of Annex (14) of the Investment Funds Regulations, within a period not exceeding (70) days from the date of completion of the Fund's termination or liquidation, including the final audited financial statements of the Fund for the period subsequent to the last audited annual financial statements
- The CMA may remove the Fund Manager from the liquidation process in the event of issue of a special Fund resolution by the Fund's Subscribers (Waqifs), provided that a replacement liquidator is appointed during the same meeting in which the Subscribers (Waqifs) voted to remove the Fund Manager.
- If the Fund Manager is removed from the liquidation activities, the Fund Manager will fully cooperate to transfer the liquidation responsibilities to the appointed liquidator. The Fund Manager will also transfer to the appointed liquidator all the documents related to the relevant investment fund which will enable it to complete the liquidation activities within 20 days from the date of issue of the CMA's resolution to remove the Fund Manager and appoint a replacement liquidator
- The Fund Manager shall notify the Subscribers (Waqifs) by announcing on its website and on Saudi Tadawul's website, in the event the CMA issues a resolution to remove the Fund Manager and appoint a replacement liquidator.
- In all events, the Fund Manager will notify the CMA in writing and the Subscribers (Waqifs) by announcing on its website and on Saudi Tadawul's website, immediately and without delay, of any material events or developments during the period of liquidation of the Fund.

(c) In the event of expiration of the Term of the Fund, the Fund Manager does not receive any fees deductible from the Fund's assets.

21. Fund Manager

(a) Fund Manager's Name, obligations and responsibilities

Fund Manager's Name:

Alkhabeer Capital.

Fund Manager's Roles and Responsibilities to the Fund

1. The Fund Manager shall act to the benefit of the Subscribers (Waqifs) in accordance with the Investment Funds Regulations, the Capital Market Institutions Regulations and the Terms and Conditions.
2. The Fund Manager shall comply with the principles and obligations as stipulated in the Capital Market Institutions Regulations, including the fiduciary duty towards the Subscribers, which includes acting in their best interest with due and reasonable care. The Fund Manager shall be responsible to the Subscribers for losses of the Fund resulting from fraud, negligence, misconduct or wilful failure.

3. The Fund Manager shall be fundamentally responsible for compliance with the Investment Funds Regulations and the Capital Market Institutions Regulations. Delegation by the Fund Manager of its responsibilities and obligations to any other person does not limit, reduce or waive the Fund Manager's responsibilities to the Subscribers under the Investment Funds Regulations and the Capital Markets Institutions Regulations.
4. The responsibilities of the Fund Manager to the Fund include the following:
 - Managing the Fund's assets and investment transactions.
 - Carrying out the administrative functions of the Fund.
 - Offering the Fund's Units and managing the allocation processes.
 - Ensuring that the Fund's Terms and Conditions are accurate, complete, clear, valid and not misleading.
 - The Fund Manager shall develop policies and procedures to monitor risks which affect the Fund's investment and ensure quickly responding to them. Such policies and procedures shall include conducting risks assessment at least once per year.
 - The Beneficiary shall be responsible for the Waqf Disbursement Channels and the process of disbursement.

(b) Number and Date of Issue of CMA's License

07074-37.
4 July 2007.

(c) Registered Head Office Address of the Fund Manager

Alkhabeer Capital
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel.: +966-12 658 8888
Fax: +966-12 658 6663
Website: www.alkhabeer.com

(d) Website Address of the Fund Manager, and the Address of any Website Associated with the Fund Manager Containing Information on the Investment Fund

Fund Manager's Website: www.alkhabeer.com

Saudi Tadawul's Website: www.saudiexchange.sa

(e) Description of the Fund Manager's Paid-Up Capital

The capital of Alkhabeer Capital is SAR 894,523,230 fully paid.

(f) Summary of the Fund Manager's financial information

- The Company's audited revenues for 2017 totalled SAR 187.5 million, and its income before zakat totalled SAR 61.1 million.
- The Company's audited revenues for 2018 totalled SAR 188.2 million, and its income before zakat totalled SAR 56.9 million.

- The Company's audited revenues for 2019 totalled SAR 25.08 million, and its income before zakat totalled SAR -123.9 million (loss).
- The Company's audited revenues for 2020 totalled SAR 200.6 million, and its income before zakat totalled SAR 63.5 million.
- The Company's audited revenues for 2021 totalled SAR 237.6 million, and its income before zakat totalled SAR 81.4 million.
- The Company's audited revenues for 2022 totalled SAR 262 million, and its income before zakat totalled SAR 95.4 million.

(g) Description of the Fund Manager's basic roles and responsibilities in respect of the Fund

1. The Fund Manager shall act to the benefit of the Subscribers (Waqifs) in accordance with the Investment Funds Regulations, the Capital Market Institutions Regulations and the Terms and Conditions.
2. The Fund Manager shall comply with the principles and obligations as stipulated in the Capital Market Institutions Regulations, including the fiduciary duty towards the Subscribers, which includes acting in their best interest with due and reasonable care. The Fund Manager shall be responsible to the Subscribers for losses of the Fund resulting from fraud, negligence, misconduct or wilful failure.
3. The Fund Manager shall be fundamentally responsible for compliance with the Investment Funds Regulations and the Capital Market Institutions Regulations. Delegation by the Fund Manager of its responsibilities and obligations to any other person does not limit, reduce or waive the Fund Manager's responsibilities to the Subscribers under the Investment Funds Regulations and the Capital Markets Institutions Regulations.
4. The responsibilities of the Fund Manager to the Fund include the following:
 - Managing the Fund's assets and investment transactions.
 - Carrying out the administrative functions of the Fund.
 - Offering the Fund's Units and managing the allocation processes.
 - Ensuring that the Fund's Terms and Conditions are accurate, complete, clear, valid and not misleading.
 - The Fund Manager shall develop policies and procedures to monitor risks which affect the Fund's investment and ensure quickly responding to them. Such policies and procedures shall include conducting risks assessment at least once per year.
 - The Beneficiary shall be responsible for the Waqf Disbursement Channels and the process of disbursement.

(h) Description of any Material Conflict of Interest on the Part of the Fund Manager which Could Affect Fulfilment of its Obligations to the Fund

There is no material conflict of interest on the part of the Fund Manager which could affect fulfilment of its obligations to the Fund.

(i) The Fund Manager Right to Appoint a Sub-Manager

The Fund may appoint one or more third party (ies) or any of its affiliates as Fund Sub-Manager. It may also delegate or assign any of its authority, at its discretion, to one third party or more or to any of its affiliates to act as a Fund Advisor, Custodian or Auditor.

In the event of delegation or assignment of authority, the Fund Manager shall expend reasonable care when selecting a third party in respect of the Fund. The Fund Manager shall be responsible for compliance with the provisions of the Investment Funds Regulations, whether it performs its responsibilities and duties or whether it delegates them to a third party in accordance with the Investment Funds Regulations and the Authorized Persons Regulations.

Basically, the Fund engages a third person to carry out its assigned functions, namely:

- Custodian, to carry out the functions of custody (Albilad Capital).
- Auditor, to carry out audit functions (Talal Abu-Ghazaleh & Co. International).
- Shari'a Board to oversee and supervise the Fund's activities and ensure compliance with Shari'a Guidelines (Shariyah Review Bureau W.L.L.).

(j) Description of the provisions governing the removal or replacement of the Fund Manager

The CMA may remove the Fund Manager in relation to any specific investment fund, and take any action it deems appropriate to appoint a replacement Fund Manager for that fund, or take any other measure it deems appropriate at its discretion, in any of the following events:

1. If the Fund Manager ceases performance of the activity of investments' management and funds' operation, or discontinues the activity of investments' management, without notifying the CMA of that in accordance with the Capital Market Institutions Regulations.
2. If the CMA cancels, withdraws or suspends the Fund Manager's license to engage in the activity of investments' management and funds' operation or the activity of investments' management.
3. If the Fund Manager files an application with the CMA to cancel its license to engage in the activity of investments' management and funds' operation or the activity of investments' management.
4. If the CMA determines that the Fund Manager is in breach – to an extent that the CMA deems material – of the Law or its Implementing Regulations.
5. In the event of death, incapacitation or resignation of the investment portfolio manager who manages the assets of the investment Fund, and the unavailability of another person registered with the Fund Manager capable of managing the assets of the investment Fund or the assets of the funds managed by the investment portfolio manager.
6. If the Unitholders of the closed-ended fund issue a Special Fund Resolution, whereby asking the CMA to remove the Fund Manager.
7. In any other event which the CMA reasonably finds to be materially significant.

The Fund Manager shall notify the CMA of the occurrence of any of the events mentioned in the foregoing Paragraph (5) above within two days after their occurrence.

- The CMA will ask the removed Fund Manager to convene a meeting of the Subscribers (Waqifs) within (15) days after the issue of the CMA's removal resolution, in order to appoint the Custodian or other entity, by an Ordinary Fund Resolution, to search for, and negotiate with, a replacement Fund Manager and determine the specified period for search and negotiation.

- Upon removal of the Fund Manager in accordance with the event provided in Sub-Paragraph (6) above, the Fund Manager shall obtain an Ordinary Fund Resolution at the same meeting where the Unitholders voted on the request to remove the Fund Manager, in order to appoint the Custodian or other entity to search for, and negotiate with, a replacement Fund Manager and determine the specified period for search and negotiation.
- The Fund Manager shall notify the CMA of the results of the Subscribers (Waqifs)' meeting within two (2) days after it is held.
- The Fund Manager shall cooperate and provide the Custodian or the appointed entity authorized to search and negotiate with any documents requested from it for the purpose of appointing a Fund Manager, within (10) days after the date of the request. Both parties shall ensure confidentiality.
- Upon approval of the replacement Fund Manager of the management of the Fund and the transfer of the Fund management to it, the Fund Manager shall send the written consent of the replacement Fund Manager to the CMA immediately upon receiving it.

Subject to the provisions of Article (20) of the Investment Funds Regulations, if the CMA exercises any of its authority under this Paragraph, the Fund Manager shall fully cooperate to help facilitate the seamless transfer of responsibilities to the replacement Fund Manager within the first sixty (60) days following the date of appointment of the replacement Fund Manager. The removed Fund Manager shall, whenever necessary and appropriate, and subject to the absolute discretion of the CMA, transfer to the replacement Fund Manager all the contracts related to the relevant investment fund.

In the event the Fund Manager is removed, it shall stop making any investment decisions concerning the Fund as soon as a replacement Fund Manager is appointed, or earlier as may be determined by the CMA.

If a replacement Fund Manager is not appointed within the specified period for searching for, and negotiating with, a replacement Fund Manager, the Subscribers (Waqifs) are entitled to apply for liquidation of the Fund by a Special Fund Resolution.

22. Fund Operator

(a) Fund Operator's Name

Alkhabeer Capital.

(b) Number and Date of Issue of CMA's License

07074-37.
4 July 2007.

(c) Registered Office Address and Head Office Address of the Fund Operator

Alkhabeer Capital
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel.: +966-12 658 8888
Fax: +966-12 658 6663

(d) Description of the Fund Operator's basic roles and responsibilities

The Fund Operator shall, in relation to the Fund, perform all the management duties and obligations required in accordance with the Investment Funds Regulations, as well as other undertakings which may be necessary to implement and achieve the purposes, policies and objectives of the Fund. For example, without limitation:

- Keeping the books and records related to the operation of the Fund;
- Valuating the assets of the Fund.

(e) The Fund Operator's right to appoint a Sub-Manager

The Fund Operator may appoint specialized sub-operators to the Fund, subject to the Fund Board's approval. They may be replaced at the Fund Manager's discretion, subject to the Fund Board's prior approval. The Fund Operator shall pay the fees and expenses of any sub-operator out of its own resources.

(f) Mandates assigned by the Fund Operator to a third party in relation to the Fund

Not applicable.

23. Custodian

(a) Name of the Custodian

Albilad Capital.

(c) Number and Date of Issue of the Custodian's License

08100-37
30 January 2011.

(c) Registered Address of the Custodian

P.O. Box 8162
Riyadh 12313-3701
Kingdom of Saudi Arabia
Tel.: +966 92000 3636
Fax: +966 11 290 6299
Website: www.albilad-capital.com.

(d) Description of the Custodian's Primary Roles and Responsibilities Related to the Fund

- Notwithstanding any delegation by the Custodian to any third party (ies) in accordance with the provisions of the Investment Funds Regulations or the Authorized Persons Regulations, the Custodian shall be fully responsible for compliance with the Capital Markets Institutions Regulations.
- The Custodian shall be responsible to the Subscribers (Waqifs) for the Fund's losses resulting from fraud, negligence, misconduct or intentional default on the part of the Custodian.
- The Custodian shall be responsible for the custody of the Fund's assets, for their protection in the interest of the Subscribers (Waqifs), and for taking all the required administrative actions relating to the custody of the Fund's assets.

(e) Description of the Custodian's right to appoint a sub-custodian

No sub-custodian has been appointed. However, the Custodian may appoint a third party(ies) or any of its affiliates as Fund sub-custodian. The Custodian shall pay any fees and expenses related to the sub-custodian. In the event of appointment of any party (including an affiliate of the Custodian), the Custodian shall be responsible for carrying out any of its aforementioned functions.

(f) Mandates Delegated by the Custodian to a Third Party in Relation to the Investment Fund

The Custodian may delegate its obligations and responsibilities to the Fund to one third party or more, or to any of its affiliates to act as Sub-Custodian. The Custodian remain fully responsible for its obligations in accordance with the Investment Funds Regulations, whether it performs such responsibilities directly or delegates them to a third party in accordance with the provisions of the Investment Funds Regulations or the Capital Market Institutions Regulations. The Custodian shall be responsible to the Fund Manager and the Subscribers (Waqifs) for any losses which may be sustained by the Fund as a result of any negligence, fraud or wilful misconduct on the part of the Custodian. The Custodian shall pay the fees of the Sub-Custodian out of its own resources.

(g) Provisions governing the removal or replacement of the Custodian

The CMA have the power to remove the Custodian and take any other measures it deems necessary, as appropriate, in the following events:

- If the Custodian ceases to carry out the custody activity without notification to the CMA in accordance with the Capital Market Institutions Regulations;
- If the CMA cancels, withdraws or suspends the Custodian's license necessary to continue to carry out the custody activity in accordance with the Capital Market Institutions Regulations;
- If the Custodian files an application to the CMA to cancel its license necessary to carry out the custody activity;
- If the CMA determines that the Custodian has failed, in any manner which the CMA considers material, to comply with the Capital Market Law or its Implementing Regulations;
- In any other event determined by the CMA – based on reasonable grounds - to be of sufficient significance.

If the CMA exercises its power pursuant to Paragraph (e) of this Clause, the Fund Manager shall appoint a replacement Custodian in accordance with CMA's instructions, and the Fund

Manager as well as the removed Custodian shall fully cooperate in order to help facilitate a smooth transfer of its responsibilities to the replacement Custodian during the first sixty (60) days after appointing the replacement Custodian. The Custodian shall transfer, where the CMA decides it is necessary, all the contracts related to the Fund to which it is a party, to the replacement Custodian.

24. Fund Board

(a) Names of the Fund Board Members and Type of Membership

1. Mr. Ammar Ahmed Saleh Shata (Chairman of the Board – Non Independent)

- Ammar is the founder and Chairman of the Board of Alkhabeer Capital.
- He is a pioneer in developing Islamic securities/financial products and has over 30 years of professional work experience in corporate and structured finance, asset management, investment banking, and Islamic product development.
- He holds a master's degree in economic planning and a bachelor's degree in electrical engineering from the University of Southern California, United States.
- He is a CFA charterholder from the CFA Institute, United States.

2. Mr. Ahmed Saud Hamza Ghouth (Director – Non Independent)

- Ahmed is a member of the Board of Directors and the CEO of Alkhabeer Capital.
- He has more than 20 years of experience in Corporate Banking, Islamic Finance, Asset Management and Private Equity. Currently, he is a board member on several real-estate, and private equity funds.
- During his previous engagement with Saudi National Bank, he gained extensive expertise in debt portfolio management and Islamic facility structuring. His responsibility to oversee Asset Management at Alkhabeer has exposed him further to a variety of real estate development and income producing funds as well as equity funds.
- He holds a bachelor's degree in accounting from King Fahad University of Petroleum and Minerals, Dahrhan, Saudi Arabia.

3. Mr. Yasser Mohammed Saleh Bahareth (Director – Non Independent)

- Yasser is a businessmen, Board Member, CFO and Member of the Economic Sustainability Committee at the Society of Majid Bin Abdulaziz for Development and Social Services. He is also a partner, Board Member and Advisor in several companies, including Mohammed Bahareth Co., Modern Technology Co., Engineering Cubes Co., and several other companies active in different fields.
- Yasser holds several positions in non-profit organizations, including membership of the Housing Committee at the Jeddah Chamber of Commerce, membership of the Orphans Friends Committee Al-Bir Society. He was previously a member of the Executive Committee of Sirb Angel Network, and a member of the Urban Development Committee at the Jeddah Chamber of Commerce. He is also a member of Minaret Businessmen Society and a member of the Young Managers Organization in Saudi Arabia.
- He holds a bachelor's degree in business administration - marketing from George Washington, USA.

4. Mr. Ali Mohammed Omair Al Qout Qahtani (Independent Director)

- Ali is an engineer at Saudi Aramco in Dhahran, Eastern Region.
- He has more than 10 years of experience in investment and financial and economic analysis.

- He holds a master's degree in cybersecurity from Maryland University, USA and a bachelor in electrical engineering from Missouri University, USA.

5. Mr. Farouq Fouad Ahmed Gholam (Independent Director)

- Farouq is the Deputy Chairman of Rasad International Holding Company and Advisor to the Company's President. He also participates in the management of the Group's local and international companies. In addition, he also participates in making decisions related to the Group's investments and risks.
- He has more than 20 years of comprehensive experience in legal affairs, Islamic finance, investment and financial structuring.
- He was the Executive Partner and Head of Asset Management Department at Alkhabeer Capital (from August 2006 to August 2009). Prior to that, he served as Head of Product Development and Operation Risks at Saudi National Bank, where he was in charge of launching and regulating investment funds.
- He holds a master's degree in international law studies, specialized in international business and commercial transactions from Washington Business School, USA, and a degree in Law from King Abdulaziz University in Jeddah, Saudi Arabia.

(b) Qualifications of the Directors

The Fund Manager acknowledges that all the Fund Board members:

- are not adjudicated bankrupts or placed under liquidation; and
- have not committed any acts of fraud, crime against honor or breach of trust; and
- 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.

(c) Responsibilities of the Fund Board

The Fund Board members have the following responsibilities:

- Approving all material contracts, decisions and reports to which the Fund is a party, including - without limitation – approving the contracts for providing management services to the Fund and the contracts for providing custody services. This however excludes contracts which are executed in accordance with the investment decisions related to any investments which the Fund had made or will make in the future.
- Approving a written policy on the voting rights related to the Fund's assets.
- Overseeing and, where appropriate, approving or ratifying any conflict of interest the Fund Manager has identified.
- Meeting at least twice annually with the Fund Manager's compliance officer to oversee the Fund Manager's compliance with all applicable laws and regulations, including – without limitation – the requirements as stipulated in the Investment Funds Regulations.
- Approving all the Fundamental and Non-Fundamental Changes provided in Articles (62) and (63) of the Investment Funds Regulations, before the Fund

Manager receives the approval of the Subscribers (Waqifs) and the CMA or before it notifies them.

- Ensuring the completeness and accuracy of the Terms and Conditions and any other document, whether contractual or otherwise, that includes disclosures related to the Fund and/or the Fund Manager and its management of the Fund, in addition to ensuring compliance of the foregoing with the provisions of the Investment Funds Regulations.
- Ensuring that the Fund Manager performs its responsibilities in the best interest of the Subscribers (Waqifs), in accordance with the Investment Funds Regulations, the Terms and Conditions and the Shari'a Supervisory Committee resolutions.
- Reviewing the report which contains an evaluation of the performance and quality of the services provided by the parties concerned with the provision of the Fund's material services, which is referred to in Paragraph (l) of Article (9) of the Investment Funds Regulations, so as to ensure that the Fund Manager carries out its responsibilities in the best interest of the Subscribers (Waqifs) in accordance with the Fund's Terms and Conditions and the Investment Funds Regulations.
- Evaluating the process in which the Fund Manager deals with the risks related to the Fund's assets, subject to the Fund Manager's policies and procedures on assessment of Fund-related risks and the method of dealing with them.
- Acting with integrity, good intent, due care and diligence and in the best interest of the Subscribers (Waqifs).
- Recording minutes of meetings showing all actions taken during the meetings and the decisions made by the Board.
- Reviewing the report containing all the complaints and action taken in respect of those complaints, which is referred to in Paragraph (m) of Article (9) of the Investment Funds Regulations, so as to ensure that the Fund Manager carries out its responsibilities in the best interest of the Subscribers (Waqifs) in accordance with the Fund's Terms and Conditions and the Investment Funds Regulations.
- Approving the appointment of the Fund's Auditor who is nominated by the Fund Manager.

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. None of the Fund Board members may be held liable to the Subscribers (Waqifs) for any damages, losses, costs, expenses or other obligations incurred by the Unitholder or the Fund's assets, unless caused by a deliberate act, bad intent or gross negligence on the part of the Fund Board members.

Voting in Board Meetings:

- The quorum of any Board meeting shall be satisfied with the attendance of the majority of the Board members. Attendance shall be in person, via electronic media or by conference calls.
- With the quorum satisfied, resolutions shall be passed by majority vote of the members present.
- In the event of split votes on any decision, the Chairman shall have a casting vote.
- Board members may issue resolutions by circulation instead of holding a meeting. The approval of the majority of the Board members is required in such case.
- A Board member shall refrain from voting on any decision made by the Fund Board on any matter in which that Board member has a direct or indirect interest. That Board member shall disclose to the Fund Board any such interest, in accordance with the provisions of the Investment Funds Regulations.

(d) Details of Remuneration of the Fund Board Members

The Fund shall pay SAR 5,000 per annum to each independent director, plus an attendance fee of SAR 4,000 for each meeting. Two independent directors were appointed. It is expected that a minimum of two meetings, and a maximum of four meetings, will be held each year. The Chairman may convene an urgent Board meeting whenever he deems necessary. The total remuneration to be paid during the year to all of the independent directors during the year shall not exceed SAR 42,000.

In addition, the Fund shall pay all actual travel and accommodation costs incurred by each independent director to attend meetings (if applicable), up to a maximum of SAR 15,000 per annum to the two independent directors. These annual costs and fees shall be calculated and paid semi-annually. Non-independent directors will not receive any fees.

(e) Conflict of Interest

In the event of any conflict of interest, the Fund Manager must at all times abide by its duties towards the fund (including the obligations imposed on it under the Investment Funds Regulations issued by the Capital Market Authority). In the event of a conflict of interest, the Fund Manager will deal with all unitholders in a fair manner, and will not favor any of them over the other. The Fund's Board of Directors will seek to find a fair settlement of any disputes between the Fund and other collective investment programs that include related parties. Transactions with related parties, if any, shall be carried out on an arm's length basis. Procedures for dealing with cases of conflict of interest will be provided to unitholders based on a written request addressed to the fund manager. The policies and procedures to be followed to address conflicts of interest and any potential and/or actual conflicts of interest will be provided upon request at no charge.

(f) Other Funds Managed by the Fund Board Members

Director's Name	The Fund	Type of Membership
Mr. Ammar Ahmed Shata (Not Independent)	- Alkhabeer Real Estate Residential Development Fund II	Chairman
	- Alkhabeer Real Estate Opportunity Fund I	Chairman
	- Alkhabeer Education Private Equity Fund I	Chairman
	- Alkhabeer GCC Opportunity Company	Chairman
	- Alkhabeer Industrial Private Equity Company- III Ltd.	Chairman
	- Alkhabeer Waqf Fund (1)	Chairman
	- Alkhabeer Diversified Income Traded Fund	Chairman
	- Alkhabeer REIT	Chairman
	- Alkhabeer Growth & Income Traded Fund	Chairman
Mr. Ahmed Saud Ghouth (Not Independent)	- Alkhabeer Real Estate Residential Development Fund II	Director
	- Alkhabeer Real Estate Opportunity Fund I	Director
	- Alkhabeer Hospitality Fund I	Chairman
	- Alkhabeer Real Estate Opportunity Fund II	Chairman
	- Alkhabeer Industrial Private Equity Fund III	Director
	- Alkhabeer Education Private Equity Fund I	Director
	- Alkhabeer GCC Opportunity Company	Director
	- Alkhabeer Education Private Equity Fund II	Chairman
	- Alkhabeer Education Private Equity Fund III	Chairman
	- Alkhabeer Education Private Equity Fund IV	Chairman
	- Alkhabeer Education Private Equity Fund V	Chairman
	- Alkhabeer Education Private Equity Fund VI	Chairman
	- Alkhabeer Education Private Equity Fund VII	Chairman
	- Alkhabeer Waqf Fund I	Director
	- Alkhabeer Diversified Income Traded Fund	Director
	- Alkhabeer REIT	Director
	- Alkhabeer Industrial Private Equity Fund IV	Chairman
	- Alkhabeer Saudi Private Equity Fund I	Chairman
	- Alkhabeer Saudi Private Equity Fund II	Chairman
	- Alkhabeer Growth & Income Traded Fund	Director
	- Alkhabeer Car Rental Private Equity Fund	Chairman
	- Alkhabeer Private Multi Asset Fund I	Chairman
	- Alkhabeer Saudi Riyal Murabaha Fund	Chairman

Mr. Farouq Fouad Gholam (Independent)	- Alkhabeer Real Estate Opportunity Fund I	Director
	- Alkhabeer Diversified Income Traded Fund	Director
	- Alkhabeer REIT	Director
	- Alkhabeer Waqf Fund I	Director
	- Alkhabeer Growth & Income Traded Fund	Director
Mr. Yasser Mohammed Bahareth (Not Independent)	- Alkhabeer Waqf Fund I	Director
Mr. Ali Mohammed Qahtani (Independent)	- Alkhabeer Waqf Fund I	Director

25. Shari'a Supervisory Committee

The Shari'a Supervisory Committee appointed by the Fund Manager shall verify the Fund's compliance with the guidelines of the Shari'a Supervisory Committee. The Shari'a Supervisory Committee, guided by its experience, will supervise, regulate and ensure compliance with Shari'a principles in all types of the Fund's financial and investment transactions.

(a) Names and Qualifications of the Members of the Shari'a Supervisory Committee

Shariyah Review Bureau W.L.L. (SRB) has been appointed as Shariah Supervisory Committee to advise the Fund with respect to its interpretation and compliance with the Shari'a principles.

Shariyah Review Bureau W.L.L. is a Middle East-based firm with an international scholarly platform of 32 reputable Shari'a scholars covering the major global Shari'a compliant markets, including Malaysia, Kingdom of Saudi Arabia, Algeria, Egypt, Qatar, UAE, Sudan and Kingdom of Bahrain.

Shariyah Review Bureau is licensed by the Central Bank of Bahrain to provide Shari'a audit services, structuring, review and approval (fatwa)/ The Shari'a Supervisory Committee who will review and approval the Fund's documents and operations is comprised of Sheikh Muhammad Ahmad Al Sultan. The Bureau will also assign its Shari'a audit team to carry out periodic review and Shari'a supervision over the activities of the Fund to assure the Shari'a Supervisory Committee and the Fund Board that the operations and investments of the Fund are compliance with Shari'a guidelines.

Address of the Shariah Supervisory Committee:
Shariyah Review Bureau W.L.L.
P.O. Box 21051
Manama
Kingdom of Bahrain.

Overview of Shariyah Review Bureau W.L.L.

Shariyah Review Bureau W.L.L. oversees the provision of Shari'a advisory services to Alkhabeer Capital on products, structuring, compliance certificates (fatwa), and Shari'a review of the Company's products and business activities.

Shariyah Review Bureau W.L.L. is a leading company in Shari'a advisory and supervision. It is licensed by the Central Bank of Bahrain. It provides its services to various business sectors, acting as a Shari'a supervisor and advisor to many companies in 12 countries including the United States and countries in Europe, Africa, Asia and the GCC.

Shariyah Review Bureau W.L.L. deploys an elite group of Shari'a advisors in a number of countries worldwide, making it one of the few Shari'a advisory boards that can cater to the needs of clients and businesses internationally. In addition to its clients in the UK, Canada, France, Australia, Hong Kong, Switzerland and the GCC states, the Shariyah Review Bureau provides its services to many business sectors, mainly the insurance and investment sectors, as it acts as a Shari'a supervisor and advisor to 21% of the insurance companies and 13% of the investment companies listed on the Saudi Stock Exchange.

The Shariyah Review Bureau W.L.L. provides its services with a high degree of professionalism by reviewing and approving products, as well as providing Shari'a advisory and audit services and examining Saudi Tadawul listed shares.

The Shari'a Supervisory Committee appointed for the purposes of review and certification of the Fund's documents and activities, is comprised of:

Sheikh Muhammad Ahmad Al Sultan:

Sheikh Muhammad Ahmad Al Sultan has over 10 years of experience as a Shari'a advisor and academic in the Islamic banking industry. He leads the Shari'a Advisory Department Team at Shariyah Review Bureau W.L.L., given his extensive knowledge of jurisprudence and Islamic finance. His experience is in the re-design of conventional products and structuring investment funds. His experience also extends to the banking and insurance sector to ensure fast approval and allocation of unique solutions and functions in managing fatwas. He holds a Master's Degree in Jurisprudence from Ahsan Al-Oloom University in Pakistan, and Bachelor of Islamic Studies from Dar Al-Oloom University in Pakistan, under the supervision of the famous Muslim scholar Mufti Muhammad Taqi Othmani, in Islamic Jurisprudence.

(b) Roles and Responsibilities of the Shari'a Supervisory Committee:

The Shari'a Supervisory Committee conducts annual reviews of the Fund to obtain reasonable assurances that the Fund's operations and investments are compliant with the Shari'a Guidelines, as stipulated in Paragraph (d) below.

(c) Details of the Shari'a Supervisory Committee Remuneration

The Fund shall pay the Shari'a Supervisory Committee annual fees of SAR 15,000.

(d) Details of Applicable Shari'a Standards to Determine the Shari'a Compliance of Investment Assets, and the Periodic Review of those Assets, and the Procedures to be Followed in the Event of Non Compliance with Shari'a Guidelines

In general, the Shari'a Supervisory Committee believes that investment in real estate investment traded funds (REITs), money markets, Sukuk, Sukuk funds, Murabaha transactions, Murabaha funds and income generating investment funds is permissible subject to the following guidelines:

- The funds and investments in which the Fund invests shall be in compliance with the Shari'a Guidelines.
- Investment of cash/liquidity shall be made in instruments and funds which are compliant with the Shari'a Guidelines.
- All contracts and agreements made shall be in compliance with the Shari'a Guidelines of the Shari'a Supervisory Committee. They shall be presented to the Shari'a Supervisory Committee prior to their execution.

Approval of the Fund by the Shari'a Supervisory Committee Subject to the Following Guidelines:

- The Fund invests in Shari'a compliant investments which are not usury interest bearing.
- The Fund invests its available unused liquidity in short term Islamic transactions.
- The Fund Manager shall expend its efforts to appropriately invest the Fund's funds in the best interest of the Fund's Subscribers (Waqifs).
- The Fund Manager shall disclose all expenses borne by the Fund.
- All documents related to the Fund, including contracts and other documents, shall be compliant with Shari'a guidelines and principles.
- The Fund Manager may not sign any contract resulting in the disbursement or receipt of any interest payments. The Fund Manager may file lawsuits to collect its receivables.
- The Fund Manager may invest in companies which generate their primary income from trade, industry, agriculture, technical services and other Shari'a compliant sectors.
- The Fund may not invest in or acquire conventional bonds, preferred stock, financial instruments based on interest rates, such as options, futures, swaps or similar financial instruments. The Fund is not allowed to margin sell shares to investee companies, except in the event of their restructuring on Shari'a complaint foundations approved by the Fund's Shari'a Supervisory Committee.

Prohibited Industries and Activities:

The Fund may not invest in companies, the main activities of which is any of the following:

- Financial activities that are not compliant with Shari'a guidelines, such as banks dealing in interest and conventional insurance companies.
- Production and distribution of alcohol and tobacco.
- Production and distribution of weapons.
- Production and distribution of pork and pork products.
- Production and distribution of non-halal meats.
- Managing gambling casinos.
- Production and publishing of pornographic films, books, magazines, satellite channels and movie theatres.
- Restaurants and hotels providing prohibited services, such as selling alcohol, etc and other entertainment venues.
- Any other activity, the investment in which is deemed by the Shari'a Advisory Committee to be prohibited.

Income from Usury Sources and other Non-Permissible Income:

The Fund may not invest in Companies if their income from usury or other prohibited sources exceeds 5% of the total income of the Company. Moreover, any income which is of unknown source will also be considered as a prohibited income. It should be mentioned that uninvested cash or liquidity shall be kept in non-interest bearing deposit or in short term Murabaha transactions.

Financial Guidelines

Companies with a permitted (halal) main activity must undergo financial analysis. It is not permitted to invest in companies with the following financial ratios:

- Total debts to market value of the company: total usury interest generating debts (short or long term) of investee companies shall not exceed 30% of the Company's market value, taking into consideration that borrowing with interest is not permissible irrespective of the size of the borrowed amount. The total debts include all forms of usury interest loans, such as convertible bonds, off-balance sheet debts, preferred stock and lines of credit which are not classified as a form of Islamic financing.
- Usury Interest Securities: The total deposit amount generating usury interest, whether short or long term, shall not exceed 30% of the total market capitalization of the company, taking into account that usury interest securities or deposits in usury interest earning accounts is not permissible under Shari'a irrespective of the size of the invested amount. Income generated from such securities or deposits is prohibited and subject to Shari'a purification. To determine those percentages, reference shall be made to the company's last balance sheet or audited statement of financial position.

- Liquid assets for total assets: liquid assets (cash and cash equivalents, plus accounts receivable) shall not exceed 70% of the total assets of the investee company.
- Purification: The Fund manager shall determine the Shari'a non-compliant income and shall deposit it in a special account to be disbursed for charitable purposes, subject to the Shari'a Supervisory Committee's approval. Purification is carried out as follows:
 - The Shari'a non-compliant sum is determined for each investee company.
 - The Shari'a non-complaint income is divided on the total number of the company's shares to calculate the share of the non-complaint income.
 - The result of the division is multiplied by the number of the shares of the investee companies to calculate the total non-compliant income.
 - The same step is repeated for each investee company, and the amount is transferred to the charitable activities account under the supervision of the Shari'a Supervisory Committee.

Shari'a Guidelines for Real Estate Investment

The Shari'a Guidelines for leasing and selling real estate assets are:

- The Fund invests its funds in Shari'a permissible real estate projects without any usury interest involved.
- The Fund may not charge usury interest in the event any party is late in paying its obligations. The Fund may take appropriate legal action to collect its entitlements.
- The Fund may lease properties, provided the lessee is not engaged in a Shari'a prohibited activity, such as leasing to usury interest earning banks.
- The Fund may not invest in properties where the business of the tenants is focused on the following prohibited activities:
 - Gambling.
 - Selling and producing alcoholic beverages.
 - Producing tobacco.
 - Manufacturing weapons.
 - Prostitution.
 - Narcotics.
 - Commercial insurance and usury financing institutions.
 - Any other non-compliant activities as determined by the Shari'a Supervisory Committee.
- The Fund may invest in properties leased to companies or persons who are non-compliant with the above mentioned guidelines, including banks, insurance companies, gambling institutions, alcoholic beverages, etc., provided the rent collected from such entities represents 5% or less of the total rents of the property, subject to the following conditions:
 - The revenue collected from such entities is donated to charity, subject to the approval of the Shari'a Supervisory Committee.
 - If the Fund can replace the tenant engaged in the non-compliant activity with a tenant engaged in a Shari'a compliant activity, without causing financial or legal

injury, it shall proceed with replacing the tenant with a three months written notice.

- If the aforementioned procedure causes financial or legal damage to the Fund, such tenant shall be left in this case until the end of the lease term, without renewing the tenant's lease agreement.
- If the Fund invests in a vacant property having no tenants, or if all of the tenants are engaged in Shari'a compliant activities, the Fund may not lease the property to a tenant whose activity is not compliant with Shari'a even when the income from such tenant is less than 5% of the total amount of collected rents.

(e) Action to be taken in the event of non-compliance with Shari'a Guidelines

In the event a financial instrument held by the Fund is no longer compliant with the Shari'a Supervisory Committee Guidelines referred to in the Terms and Conditions, the Fund Manager shall immediately discontinue its investment in that instrument and shall all such instruments it holds as soon as possible so as to safeguard the interests of the Fund.

26. Investment Advisor

Not applicable.

27. Distributor

Not applicable.

28. Auditor

(a) Name of the Fund's Auditor

Talal Abu-Ghazalah & Co. International.

(b) Registered Business Address of the Fund's Auditor

Talal Abu-Ghazalah & Co. International
P.O. Box 9767
Riyadh 11423
Kingdom of Saudi Arabia
Website: www.tagi.com

(b) Basic Roles and Responsibilities of the Auditor

The Auditor's responsibility is to express opinion on the financial statement based on the audit process the Auditor performs in accordance with the audit standards in the Kingdom of Saudi Arabia, which require the Auditor to comply with the professional code of conduct and plan and execute the audit activities to reach a reasonable degree of certainty that the financial statements are free of any material errors. The Auditor's responsibilities also require obtaining supporting documents of the amounts and notes to the financial statements, in addition to the assessment of the suitability of the accounting policies which are followed and the reasonability of account estimates which are used, as well as the assessment of the overall presentation of the financial statements.

(c) Provisions governing the Replacement of the Auditor

The Fund Manager shall replace the Auditor in any of the following events:

- If significant allegations are made in respect of the Auditor's improper professional conduct in carrying out its duties;
- If the Auditor of the Public Fund is no longer independent or if its independence is undermined;
- If the Fund Manager or Fund Board decide that the Auditor does not have sufficient qualifications and experience to perform its audit functions satisfactorily, or that the replacement of the Auditor is in the best interest of the Subscribers (Waqifs);
- If the CMA requests, at its absolute discretion, the replacement of the Fund's Auditor.

29. Assets of the Fund

- The assets of the Fund are held by the Custodian on behalf of the Fund.
- The Custodian must segregate the assets of each investment fund from its own assets and from the assets of its other clients.
- The Assets of the Fund are endowed collectively by the Subscribers (Waqifs). The Fund Manager, Sub-Manager, Operator, Custodian, Sub-Custodian, Advisor or Distributor shall not have any interest in the assets of the Fund or any claim in respect of those funds, unless the Fund Manager, Sub-Manager, Operator, Custodian, Sub-Custodian, Advisor or Distributor is a Subscriber in the Fund, and to the extent of its Unitholding, or if such claims are allowed in accordance with Investment Funds Regulations and disclosed in the Terms and Conditions.

30. Complaints Procedures

In the event a Subscriber has any question or complaint in relation to the Fund during the Fund Term, the concerned Unitholder should contact Alkhabeer Capital's Compliance & MLR Department, at the following address:

Head of Compliance and MLRO
Compliance and AML Department
Alkhabeer Capital
Madinah Road
P.O. Box 128289
Jeddah 21362
Kingdom of Saudi Arabia
Tel.: +966 12 658 8888
Email: compliance@alkhabeer.com

Alkhabeer Capital adopts a documented complaint management policy which it uses with its existing clients. It is the intention of the Fund Manager to use this policy and apply it to the Subscribers (Waqifs) of the Fund. Potential investors and Unitholders who would like to have a copy of this policy (free of charge) should contact the Compliance & AML Department of Alkhabeer Capital at the abovementioned address.

If a settlement cannot be reached, or if a reply is not received within 30 Business Days, the Subscriber (Waqif) may lodge the complaint with the Capital Market Authority - Investor Complaints Department. The Subscriber (Waqif) may also file the complaint with the Committee for Resolution of Securities Disputes (90) Calendar Days after the date of filing of the complaint with the CMA, unless the CMA notifies the complainant that the complaint may be filed with the Committee for Resolution of Securities Disputes before the lapse of that period.

31. Other Information on the Fund

To the best knowledge of the Fund Manager and the Fund Board, there is no information which the Fund Manager and the Fund Board should have knowledge of and is not contained in the Terms and Conditions, and which may affect the decision of existing or prospective subscribers or their technical advisors to invest in the Fund.

Exemptions from restrictions or limitations on investment approved by the CMA

The CMA approved the following exemptions from the Investment Funds Regulations:

- Exemption from Article (65) of the Investment Funds Regulations and related articles and circulars, as the Fund Manager will not be able to cater to any redemption request by Subscribers (Waqifs) given the Waqf nature of the Fund and because the Subscribers (Waqifs) will endow their Fund Units.
- Exemption from Paragraph (j) of Article (41) of the Investment Funds Regulations, which provides for holding a minimum amount of liquid assets to meet any redemption requests which the Fund may receive from Unit Subscribers. Whereas one of the characteristics of the Fund is to endow Units without redemption, a exemption from the provisions of Paragraph (j) of Article (41) of the Investment Funds Regulations was obtained. The Fund Manager shall be entitled to invest more than 10% of the Fund's NAV in illiquid assets.

32. Additional Information Requirements for Certain Types of Funds

Not Applicable

33. Acknowledgement of the Unitholder

The Unitholder acknowledges having read the Fund's Terms and Conditions. The Unitholder also acknowledges acceptance of the characteristics of the subscription Units, and as such is considered to have signed the Terms and Conditions. The Unitholder also acknowledges the endowment of the Subscription Units for the Fund's specific purpose and to the benefit of the Fund's Beneficiary. The Subscriber (Waqif) appoints the Fund Manager as manager of the endowment Units, and authorizes the Fund Manager to exercise all lawful authority in this respect as provided in the Investment Funds Regulations and the applicable laws, regulations and instructions.

I/We have received, read and understood the Fund's Terms and Conditions, and confirm my/our acceptance of the characteristics my/our subscription Units.

Name:

Date:

Signature:

Appendix (1) – Internal Process for Risk Assessment and Management

a) Credit Risk

All domestic and regional counterparties will be assessed before investment, and exposure limits will be set to ensure non-concentration with a particular counterparty. Each of the exposures will be monitored periodically to ensure that it remains within the approved limits.

b) Concentration Risk

Fund assets will be diversified across several types of assets to avoid the concentration of the Fund's investments in limited assets.

c) Variation of Financing Cost Risk

In the event the Fund obtains financing, the Fund Manager will ensure that its cost is in line with the target returns, so as to minimize any adverse effect of increased cost of financing or lower investment returns.

d) Risk of Shari'a Non-Compliance and Risk of Disposal of Non-Shari'a Compliant Revenues

- All investment decisions will be taken after considering the Guidelines of the Fund's Shari'a Supervisory Committee.
- The Fund's investments will be monitored and reviewed periodically to ensure that they are compliant with the Guidelines of the Fund's Shari'a Supervisory Committee. In the event the Fund Manager's Shari'a Supervisory Committee decides that such investments no longer satisfy the Guidelines under which the Shari'a Supervisory Committee permitted placement therein, disclosure will be made to the Fund Board showing the exit process and causes.

e) Liquidity Risk

It will be ensured that minimum liquidity is held in the portfolio.

f) Governance and Conflict of Interest Risk

The Fund Manager took into consideration the governance rules and standards when forming the Fund Board. The Board is comprised of five members (2 appointed by the Fund Manager, 1 representing the Beneficiary, and 2 independent directors). The Board will oversee any conflict of interest and approve its corrective process, in addition to approving a written Fund governance policy and the Fund's investment policy.

g) Risk of Investing in Other Funds

The performance and the risks of each fund targeted by the Fund Manager to be invested in, will be assessed. In addition, the Fund Manager will monitor and evaluate the performance of those funds periodically against a benchmark using performance indicators for each underlying fund.

h) Trading Suspension Risk

One of the investment criteria to be assessed by the Fund Manager prior to investing in traded Units is the assessment of the level of disclosure of the traded fund, and the extent of the Fund's compliance with the Saudi Capital Market Authority Law and Implementing Regulations.

i) Late Listing Risk

Investment decisions will be made by a specialized investment committee following review of available investment opportunities and the size of the investment, and ensuring that such investments (Real Estate Investment Traded Funds (REITs) IPOs) do not affect the Funds NAV in terms of size.

Ahmed Saud Ghouth
Chief Executive Officer

Ziad Adeeb Elias
Head of Compliance and MLR

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Alkhabeer Capital



Alkhabeer Capital

CR No: 4030177445

CMA License No: 07074-37

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