

KINGDOM OF SAUDI ARABIA

Capital Market Authority

Real Estate Investment Funds Regulations

English Translation of the Official Arabic Text

**Issued by the Board of the Capital Market Authority
Pursuant to its Resolution Number 1-193-2006
Dated 19/6/1427 Corresponding to 15/7/2006
Based on the Capital Market Law
issued by Royal Decree No. M/30 dated 2/6/1424H**

**Amended by Resolution of the Board of the Capital Market Authority Number –0-00-0000 Dated
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Arabic is the official language of the Capital Market Authority

Important Notice: The current version of these Regulations, as may be amended, can be found at the Authority website: www.cma.org.sa

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Part 1: General Provisions

Article 1: Preliminary

- a) These Regulations aim at regulating the ~~establishment, offering, and management of~~ Real Estate investment Funds, which its units offered publicly in the Kingdom, and with regards to its establishments, offering and registering its units. In addition to management and protection of Unitholders rights and the application of disclosure and transparency rules.
- b) These Regulations shall not have any prejudice to the provisions of the Authorised Persons Regulations and the Securities Business Regulations.

Article 2: Definitions

- a) Any reference to the “Capital Market Law” in these Regulations shall mean the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.
- b) Expressions and terms in these regulations have the meaning which they bear in the Capital Market Law and the Glossary of defined terms used in the Regulations and Rules of the Authority.
- c) For the purposes of implementing these regulations, the words and phrases mentioned below shall have the meaning assigned to each unless the contrary intention appears.

Real Estate Investment Fund

A collective real estate investment scheme which aims to provide the chance for investors to subscribe together in the scheme’s profits, managed by the Fund Manager for a specified fee, and hereinafter referred to as the fund.

Real Estate Investment Traded Fund (REIT)

A real estate investment fund that is publicly offered and the units of which are traded on the Main Market or the Parallel Market, whose primary investment objective is to invest in constructionally developed real estates, able to generate periodic and rental income, and distribute a specified percentage of the fund's net profit in cash to the unitholders, at least annually.

Constructionally Developed Real Estate

Real estates that are developed and ready for use and which fulfills the regulatory requirements. This includes residential, commercial, industrial, agricultural and other types of real estates.

Fund Manager

An authorised person authorized to carry out investment management business and fund operation activity according to the Authorised Persons Regulations, ~~who will be~~ responsible for the management ~~and custody~~ of the Fund's assets investments and operations.

Portfolio Manager

An employee of the Fund Manager in charge of managing the Fund, and who is a registered person with the Authority as per the provision of the Authorised persons Regulations.

Unit

The share of any holder in any fund consists of units or part of units, and each unit should be treated as a common portion in the net asset value of the Fund.

Fund's Net Profit

Means the total revenues of the REIT fund after deducting the total expenses and fees incurred by the fund.

Fund's Net Assets Value

~~Cash value based on~~ The total assets value of the REIT fund which are evaluated in accordance with the mechanism set out in the fund terms and conditions for evaluating assets, minus its liabilities.

Unitholder

A person who holds units in the Fund which represents a common share in the net asset value of the Fund.

Substantial Unitholder

A person who owns 5% or more of the REIT fund's units.

Public Unitholders

Any unitholder who own a unit or units in the REIT other than the following:

- 1) substantial unitholder;
- 2) the fund manager and its affiliates; or
- 3) the fund's board of directors' members.

Fund's Board of Directors

A board where the Fund Manager appoints its members in accordance with the Real Estate Investment Fund Regulations, to supervise the Fund Manager's actions.

Independent ~~Member~~ Fund Director

Fund's Board of Directors

~~One of the Board members, who is neither an employee nor a board member of the Fund Manager, subsidiary or a Custodian. Also, he should not be involved in a material business relationship or contract with the Fund Manager or his subsidiary or the Custodian.~~

An independent fund director who enjoys complete independence by way of example, the following shall constitute an infringement of such independence:

- 1) he is an employee of the fund manager or any of its affiliates, or any sub-manager or custodian for a fund on whose fund board the director serves; or have a material business, or contractual relationship with the fund manager or any fund sub-manager or custodian for such fund.
- 2) he, during the preceding two years, has been a senior executive of the fund manager or any of its group
- 3) he is a first-degree relative of any board member or any senior executives of the fund manager or of any other company within that group.
- 4) holds control over the fund manager or any of its group during the past two years.

The Developer

A person nominated by the Fund Manager, responsible for the execution of the technical aspects to attain the Fund's purposes.

~~The Evaluator~~

~~A person chosen by the Fund Manager, to evaluate the Fund's assets, who should have the required knowledge and experience to provide Real Estate evaluation services.~~

Accredited Valuer

A legal or natural person licensed to carry out the valuation profession in accordance with the Accredited Valuers Law issued by Royal Decree no.(M/43) dated 09/07/1433H. and its implementing regulation (Real-Estate Valuation Sector).

Related Parties

1) Fund Manager and fund sub-manager.

2) Custodian.

3) The Developer and engineering office.

4) The ~~Evaluator~~ Accredited Valuer.

5) The Auditor.

6) fund's board of directors

~~6~~7) Members of the Board of Directors, any of the Executive Managers or any employees of one of the above mentioned parties.

~~7~~8) Any Unitholder owns more than (5%) of the Real Estate Fund's net assets.

~~8~~9) Any individual who controls or who is an affiliate with any of the above mentioned parties.

Fund's Total Assets

The cash value of the fund's assets based on the total real estate fund's assets value.

Ratio of Fund Costs to the Total Value of the Fund's Assets

The ratio of total fund costs to the most recent value of total fund assets during the relevant quarter. Fund costs shall mean; all the expenses that incurred by the fund, including fixed and variable expenses, beside the expenses associated with specific events.

Part 2: Authorisation

Article 3: Authorisation Requirements

- a) The applicant, seeking the Authority's approval to offer units of a Real Estate Investment Fund must be an authorised person authorised by the Authority to conduct ~~managing business~~ investment management and fund operations activity.
- b) Units of Real Estate Investment Fund shall not be offered by way of a public offer unless the Authority has first received and approved the information referred in the annex (3) of these regulations ~~to in this article~~.
- ~~e) The application for offering units of Real Estate Investment Fund shall include the following information:~~
- ~~1) Details regarding the Fund Manager's organizational structure, including a description of the investment decision making process of the fund manager, including the name and position of any registered persons involved in those decisions.~~
 - 2) The name of the Compliance Officer or names of members of the Compliance Committee.
 - ~~3) Providing a feasibility study for the Fund.~~
 - ~~4) Nominating a Developer to attain the Fund's purposes.~~
 - 5) The following information:
 - ~~▪ The Fund's Terms and Conditions signed by Fund Manager's CEO and the Compliance Officer. This should be prepared according to Annex (1) of these regulations, and is considered a contract between the Fund Manager and the Unitholders.~~
 - ~~▪ Type and purpose of the Fund, and proposed launch date.~~
 - ~~▪ Subscription and Redemption forms.~~
 - ~~▪ Any contracts entered into by the Fund Manager for the benefit of the fund, including those made with affiliates or third parties in relation to the fund.~~
- ~~d)c) _____~~ Provide any other requirement the Authority requests in accordance with the Capital Market Law and its Implementing Regulations.
- ~~a) The Fund's Terms and Conditions may not be changed except after obtaining the Authority approval.~~

Article 4: Procedures and Powers of the Authority in Relation to an Application

- a) In considering an application to offer units in a Real Estate Investment Fund, the Authority may:
 1. Carry out any enquiries that it considers appropriate;
 2. Require the applicant or its representative, to attend before the Authority to answer questions and explain any matter the Authority considers relevant to the application. An applicant becomes subject to these Regulations from the date of submission of an application;
 3. Require the applicant to submit such additional information or verify the submitted information as the Authority considers appropriate within (30) days of the request; and
 4. Verify any information provided by the applicant.
- b) The Authority may refuse to consider the application where an applicant has failed to provide the required information, or has failed to provide them within the period specified in paragraph (a/3) of this Article. The Authority reserves the right to refuse an application if it believes that the fund would not be in the best interests of investors or may not be suitable for the fund manager's capacity, or result a breach of the Capital Market Law and its implementing regulations.
- c) The Authority shall, upon receipt of all information and documents required, notify the applicant in writing and shall take any of the following decisions within a maximum period of (30) days from the date of the notice:
 1. Approve the application in whole or in part;
 2. Approve the application subject to such conditions and limitations as it considers appropriate;
 3. Refuse the application, giving reasons.
- d) The Authority will inform the applicant in writing with the decision it took regarding the request.
- e) The Authority will inform the applicant in writing with the decision it took regarding the request.
- f) An applicant may not offer, market or advertise any units in the fund prior to receiving the Authority's approval decision.

Part 3: Regulating the Operation of Real Estate Investment Funds

Chapter One: Fund's Organizational Structure

Article 5: Legal Basis for Management of the Fund

A contractual relationship is established between the Fund Manager and Unit holders as after signing the terms and conditions of the fund licensed in accordance with these Regulations.

Article 6: Types and Objectives of Real Estate Investment Funds

- a) Closed Ended Real Estate Investment Funds, which operate according to the following:
1. Initial Development then Selling: This is in the form of owning a piece of raw land, developing it, dividing it into residential or commercial plots, then selling it and terminating the Fund.
 2. Constructional Development then Selling: This is in the form of owning a piece of raw or developed land with the purpose of constructing residential or commercial units, then selling it and terminating the Fund.
 3. Initial or Construction Development with the intention of leasing it for a certain period of time then selling it and terminating the Fund.
 4. Owning a real state developed constructionally with the intention of leasing it for a certain period of time then selling it and terminating the Fund.
 - 4.5. Investing in constructionally developed real-estates, able to generate periodic and rental income
- b) It is permissible to develop Funds with other types or purposes, different to what is specified in paragraph (a) above, after providing the Authority with the conditions and requirements it deems necessary.

Article 7: ~~Fund Governance~~ Fund's Board of Directors

- ~~a) The supervision of the Fund should be according to the following rules:~~
- ~~1) Real Estate Investment funds shall be governed by a fund board appointed by the fund manager after obtaining the approval of the Authority. Meetings of the board shall be convened and conducted pursuant to the rules issued by the Authority.~~
 - ~~2) At least one third of the board members must be independent directors, and in all cases the number of independent directors shall not be less than two.~~
 - ~~3) The Fund Manager shall inform Unitholders of any changes in the Fund's Board.~~
 - ~~4) The Authority has the right to issue a decision of eliminating, and specifying the reasons for such decision, all or part of the Board~~

~~members, if it believes that this would be in the benefit of Unitholders.~~

- a) Each fund is supervised by a board appointed by the fund manager at its establishment stage, The Fund Manager must notify the Authority (10) days prior to any appointment or a subsequent change in the composition of the fund's board .
- b) The number of directors in the fund must not be less than three (3) directors. The number of independent fund directors of a fund board shall not be less than two, or one third of the total number of directors, whichever is greater.
- c) If the quorum set forth in paragraph (b) of this Article is not fulfilled with regard to independent members, the fund board of directors shall appoint independent members, based on the nomination of the independent members with an existing membership in the board.
- d) The fund manager must approve the nomination submitted by the existing independent members whose membership is in the board, provided that the nominated member meets the qualification requirements set out in this Article.
- e) As an exception to paragraph (c) of this Article, in the absence of any independent member in the fund board of directors, independent members are appointed by the Fund Manager.
- f) The fund manager may not remove any independent board member, and the removal shall only be made by the unitholders in accordance with the provisions of Article 16 of these Regulations.
- g) The fund manager must remove any member of the board of directors of the fund if a special fund resolution issued by the fund's unitholders requesting the fund manager to remove that member.
- h) When more than one real estate investment fund is managed by the same fund manager, those real estate investment funds may be supervised by a single fund board unless the number of the real estate investment funds is estimated by the fund manager to be too high to be supervised effectively by a single fund board. The fund board and the fund manager must review annually the number of the real estate investment funds supervised by that board and assess whether the number is such that effective supervision is compromised and a different board should be appointed for one or more of those real estate investment funds. The Authority reserves the right to require a fund manager to appoint another fund board if the Authority considers that the number of real estate investment funds the fund board supervises is too high.
- i) A fund board director shall conduct an annual assessment for each independent director and ensure that there are no relationships or circumstances that affect or may affect his/her independency.

- j) A fund board director shall not be entitled to vote on any resolution taken by the fund's board of directors to be taken on any matter in which such fund board director has any direct or indirect particular interest and shall disclose any such interest to the fund board
- k) Any person appointed by the fund manager as a member of the fund board must fulfill the following eligibility requirements:
 - 1) the person must not be bankrupt or subject to any bankruptcy or insolvency proceedings;
 - 2) the person must not have committed an offense involving fraud or acted in breach of integrity and honesty; and
 - 3) the person must possess the necessary experience and expertise.
- l) If any If a member of the fund board ceases to meet the eligibility requirements set out in paragraph (k) of this Article, the fund manager must:
 - 1) Notify the Authority immediately.
 - 2) replace a member of the fund board with another person who fulfils the eligibility requirements within (45) days, in case the requirements set out in paragraph (b) of this Article are not met.
- m) If any board director resigned or ceased to provide services, the fund manager must:
 - 1) notify the Authority within (10) days
 - 2) replace the member of the fund board with another person within (45) calendar days from the day the fund manager becomes aware of such resignation or cessation of services, in case the requirements set out in paragraph (b) of this Article are not met.
- n) The fund manager must notify the unitholders and disclose on it's website and any other website available to the public according to the controls set out by the Authority (10) days prior to the effective date of any change in the membership of the fund's board of directors.
- o) The fund manager must provide all necessary information about the public fund to all members of the fund's board in order to enable them to carry out their duties efficiently, the fund manager shall also provide any other information or documentation requested by the fund's board to enable it to perform its duties.
- p) The REIT Fund shall be exempted from the requirement of the notice of the unitholders mentioned in paragraph (n) of this Article.

Article 8: The Fund's Board of Directors responsibilities

The Fund's Board of Directors responsibilities shall include the following:

- 1) 1) approving material contracts, decisions and reports involving the fund, including, but not limited to, contracts for the provision of fund management services, contracts for the provision of custody services but excluding contracts entered into pursuant to investment decisions regarding underlying investments made or to be made by the fun;
- 2) 2) Reviewing the report that includes evaluation of the performance and quality of services provided by the parties involved in providing significant services to the fund referred to in sub-paragraph (5) of paragraph (c) of Article 9 of these Regulations, in order to ensure that the fund manager fulfils his responsibilities in the interest of unitholders in accordance with the terms and conditions of the fund and the provisions stipulated in these Regulations.
- 3) 3) Adopt a written policy regarding voting rights related to the Fund's assets.
- 4) 4) Supervision, and where appropriate, approval or ratification of any conflict of interest disclosed by the Fund Manager.
- 5) 5) Meeting at least twice a year with the Fund Manager's compliance committee or with the compliance officer to review the fund manager's compliance with all applicable rules, laws and regulations, including (without limitation) the requirements of these Regulations.
- 6) 6) Approve all non-fundamental changes stipulated in this Article (20) of these regulations before the fund manager notify the Authority and the unitholders.
- 7) 7) Confirming the completeness and accuracy (complete, clear, accurate, and not misleading), and compliance with these Regulations, of the terms and conditions and any other document contractual or otherwise, that includes disclosures relating to the fund and/or the fund manager and its conduct of the fund. In addition to ensuring that the foregoing complies with the provisions of these regulations.
- 8) 8) Ensuring that the fund manager carries out its obligations in the best interests of the unitholders, in accordance with these Regulations, the terms and conditions of the fund.
- 9) 9) Assessing the mechanism of the fund manager's handling of the risks related to the fund's assets in accordance with the fund manager's policies and procedures that detect the fund's risks and how to treat such risks.

- 10) have a fiduciary duty to unitholders, including a duty to act in good faith, a duty to act in the best interests of the unitholders and a duty to exercise all reasonable care and skill; and
- 11) taking minutes of meetings that provide all deliberations and facts of the meetings and the decisions taken by the board
- ~~1) Ensuring that the fund manager carries on his obligation in the best interest of the Unitholders, in accordance with the Terms and Conditions of the fund and the provisions of these Regulations.~~
- ~~2) The approval of all material contracts, decisions and substantial reports which the Fund is a part of. This includes, but not limited to, the approval of contracts on development, custody, marketing and evaluation contracts.~~
- ~~3) The approval of the Fund's Terms and Conditions and any changes in them.~~
- ~~4) Making a decision with regards to any transaction which might include any conflict of interests disclosed by the Fund Manager.~~
- ~~5) The approval of assigning the Fund's auditor nominated by the Fund Manager.~~
- ~~6) Meeting at least twice a year with the Fund Manager's Compliance Officer and the Money Laundering and Terrorism Financing Reporting Officer to ensure the abidance of the Fund Manager to all applicable regulations.~~
- ~~7) Ensuring the Fund Manager's abidance to the requirement of disclose of material information to Unitholders and other interested parties.~~
- ~~8) To act for the benefit of the investment fund and its Unitholders. A fund director's fiduciary responsibility to Unitholders includes a duty of loyalty and a duty to exercise reasonable care.~~
- ~~e) A fund manager must provide to all Fund Board's of Directors all necessary information, relating to the fund, to enable them to perform their responsibilities competently.~~

Chapter 2: Fund Management ~~and Disclosure~~

Article ~~89~~: Fund Management

a) All disclosures by the fund manager must be complete, clear, accurate and not misleading.

~~a)b)~~ The Fund will be managed by a Portfolio Manager working for the Fund Manager, who must be a registered person with the Authority as per the Authorised Persons Regulations.

~~b)c)~~ Fund Manager's Duties:

1) set out decision making procedures that should be followed when executing technical and administrative issues of the Fund's businesses and projects.

~~2)~~ ~~inform the Authority regarding any material event or development that might affect the Fund's business.~~

~~3)2)~~ comply with all laws and regulations valid in the Kingdom related to the Fund's business.

3) implementing a compliance monitoring program for every fund under its manages, the fund manager must provide the Authority with the results of the implementation of the program upon its request.

4) developing policies and procedures that detect risks effecting the fund's investments and ensure treatment of these risks as soon as possible. These policies and procedures must include conducting risks assessment, at least, once a year.

~~4)5)~~ cooperate with all persons concerned with the performance of tasks for the fund, including the custodian and the external auditor, and the fund manager must provide them with whatever necessary to perform their duties and tasks in accordance with these Regulations.

6) prepare prepare an annual report that includes an evaluation of the performance and quality of services provided by the parties involved in providing material services to the fund - including the custodian, developer and property manager as applicable - and the fund manager must submit the report referred to in this paragraph to the fund's board of directors.

~~4)7)~~ to manage the Fund's assets in favor of the Unitholders benefit according to the Fund's Terms and Conditions.

~~5)8)~~ ensuring the legality and validity of all contracts concluded for the benefit of the Fund.

9) The fund manager shall have the primary responsibility for compliance with these Regulations. Any delegation of the fund manager's responsibilities and duties to any other person pursuant to

these Regulations shall not in any way limit, reduce or satisfy the fund manager's responsibilities under these Regulations and the Authorised Persons Regulations. The fund manager shall be responsible to unitholders for losses incurred by the investment fund which are caused by, fraud, negligence, misconduct or wilful default of the fund manager.

10) The fund manager must comply with the provisions of Annex (11) of these Regulations when applying for an approval from or notifying the Authority requests.

11) The fund manager must comply with the fund's terms and conditions.

~~e) Notwithstanding the appointment of one or more third parties or affiliates, the fund manager shall remain responsible for Fund management, administration and custody of the fund's assets.~~

~~d) The Fund Manager is financially responsible for any losses the Fund generates in the case of negligence and misconduct from his end.~~

Article 910: ~~Disclosure~~ The Delegation by the Fund Manager

a) A fund manager may, in respect to any investment fund which the Fund Manager manages, delegates one or more third parties or affiliates as a fund sub-manager. The remuneration of any fund sub-manager must be paid by the Fund Manager out of its own resources.

b) With the exception of the cases mentioned in Paragraph (c) of this Article, the Fund Sub-Manager must be delegated in accordance with Paragraph (a) of this Article as authorised person to conduct investments' management and funds' operation, and he must be delegated under a written contract.

c) A fund manager may appoint fund sub-manager operating in a jurisdiction other than the Kingdom to manage foreign investments of the investment fund, however the sub-manager shall be established, authorised and supervised in a jurisdiction that employs regulatory standards and requirements at least equivalent to those of the Authority, and must be appointed pursuant to a contract in writing.

d) The Authority shall have the discretion to assess whether the jurisdiction in which any fund sub-manager operates has regulatory standards and requirements at least equivalent to those of the Authority.:-

e) The fund manager may assign a third party or more, or any of his affiliate to work as a distributor to units of any real estate investment fund managed by the fund manager. The distributor's remuneration must be paid from the fund manager's own resources.

- f) The distributor that has been assigned in the Kingdom pursuant to paragraph (e) of this Article, must be one of the following:
1. An authorised person licensed to carry out dealing activity as an agent.
 2. An authorised person licensed to carry out advising activity.
 3. A local bank.
- g) The assignment referenced in paragraph (e) of this Article must be made pursuant to a contract in writing, and where the distributor is a local bank it must include the following controls at minimum:
1. That the units of the publicly offered investment funds shall be distributed through the distributor's websites only.
 - 1.2. The website of the assigned distributor shall provide the ability to fill and sign the following documents including:
 - a) The fund manager's investment account opening agreement.
 - b) The "Know Your Customer" form provided in the Authorised Persons Regulations.
 - c) The Fund's subscription form, and the terms and conditions or the fund to be subscribed in.
- h) Where the fund manager has assigned the distributor under paragraph (e) of this Article, the fund manager is responsible for complying with the Capital Market Law and its implementing regulations, and the Anti-Money Laundering Law, and its implementing regulations. The fund manager may rely on the assigned distributor to take due diligence measures towards the customer according to the relevant provisions contained in the Anti-Money Laundering Law and its implementing regulations.
- i) The fund manager may assign a third party or more, to carry out the fund operations, including administrative services for the fund..
- j) With exception for cases described in paragraph (k) of this Article, any third party assigned pursuant to paragraph (i) of this Article must be an authorised person to carry out the activity of investment management and operation of funds, and must be assigned pursuant to a written contract.
- k) A fund manager may assign a third party operating in a jurisdiction other than the Kingdom to carry out the fund operations in relation to investment fund's foreign investments. The third party must be established, authorised and supervised in a jurisdiction that employs regulatory standards and requirements at least equivalent to those of the Authority, and must be assigned pursuant to a contract in writing.
- a)l) The Authority shall have the discretion to assess whether the jurisdiction in which any third party operating has regulatory standards and requirements at least equivalent to those of the Authority.

Article 11: Removal and Replacement of Fund Manager

- a) The Authority shall have the power to remove a Fund Manager in relation to a particular investment fund and to take any action it deems appropriate to appoint a replacement Fund Manager for that investment fund or to take any other measures it deems necessary in the event of:
1. the fund manager ceasing from carrying on management activities without notifying the Authority under the Authorized Persons Regulations;
 2. the cancellation, withdrawal or suspension by the Authority of the Fund Manager's relevant authorisation(s) of carrying on management activities.
 3. a request by the Fund Manager to the Authority to cancel its relevant authorisation of carrying on management activities;
 4. the Authority believing that the Fund Manager has failed, in a manner which the Authority considers material, to comply with the Capital Market Law or its Implementing Regulations;
 5. the death, incapacity or resignation of a Portfolio Manager who manages the assets of the relevant investment fund, if no other registered person employed by the fund manager can manage the assets of the relevant investment fund or the assets of the funds managed by the portfolio manager;
 6. The Issuance of a special fund resolution by unitholders of a close ended fund requesting a removal of the Fund Manager ; or
 7. any other event determined by the Authority, on reasonable basis, to be a material importance .
- b) Notice of any event described in sub-paragraph (5) of paragraph (a) of this Article must be provided by the fund manager to the Authority within (2) days of its occurrence.
- c) Upon removal of the fund manager in accordance with the cases stipulated in subparagraphs (1), (2), (3), (4), (5) and (7) of paragraph (a) of this Article, the Authority shall directs the fund manager to call for a unitholders meeting within (15) days from the date of the Authority's removal decision, in order to appoint the custodian or other party, through an ordinary fund resolution, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.

- d) Upon removal of the fund manager in accordance with the case stipulated in subparagraph (6) of paragraph (a) of this Article, the fund manager must issue an ordinary fund resolution at the same meeting in which unitholders voted on the request to remove the fund manager, in order to appoint the custodian or other party, to find and negotiate with a replacement fund manager and specify the time limit for finding and negotiation.
- e) When any of the two cases stipulated in Paragraphs (c) and (d) of this Article occurs, the Fund Manager must notify the Authority of the results of the unitholders meeting within two days of its convening.
- f) The fund manager must cooperate and provide the custodian or the party assigned to find and negotiate any documents required by it for the purpose of appointing a replacement fund manager within (10) days from the date of the request, and both parties must maintain the confidentiality of the information.
- a)g) The fund manager must, upon approval of the replacement fund manager to manage the fund and transfer of the fund management to it, send a written consent of the replacement fund manager to the Authority as soon as it is received.
- h) If the Authority exercises its power pursuant to paragraph (a) of this Article, the relevant fund manager shall cooperate fully in order to help facilitate a smooth transfer of responsibilities to the replacement fund manager during the initial (60) day period after the appointment of the replacement fund manager. The Fund Manager must where necessary, appropriate and at the Authority its absolute discretion, transfer all of the contracts relating to the relevant investment fund to the replacement fund manager.
- b)i) Unitholders are entitled to request the liquidation of the fund in the event that a replacement fund manager has not been appointed within the period for search and negotiation stipulated in paragraph (c) of this Article.

Article 12: Financial Statements:

- a) The financial statements of the fund must be prepared in the Arabic language, at least semi-annually, and examined according to the accounting standards issued by the Saudi Organization for Certified Public Accountants. Additional copies may be prepared in other languages, and in case of any conflict between those copies, the Arabic text shall prevail.
- a)b) The annual financial statements of the fund must be reviewed in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA), and the external auditor of the fund, through reviewing the financial statements and based on the information

provided to it, must include in its report what may come to its attention of violations of the provisions of the Investment Funds Regulations or the fund's terms and conditions.

Article 13: Conflict of Interests and Disclosure Thereof

- a) A fund manager (or any of its affiliates) may not act as principal for its own account when dealing with investment funds managed by it.
- b) Without prejudice to what is stated in paragraph (a) of this article, any dealing of the Fund with any related party shall be considered as conflict of interests, and the Fund Manager shall comply with the following:
 - 1) Disclose any conflict of interest to the Fund's Board of Directors.
 - 2) Disclose any conflict of interests in the Fund's terms, conditions and its periodical reports.
 - 3) Disclose immediately, on its website and the Exchange's website, any conflict of interest that may arise during the operation of the Fund.

Article 14: Auditing Requirements

- a) The Fund Manager must appoint an external auditor prior to the establishment of the fund. The external auditor of the public fund must be certified in the Kingdom in accordance with the rules for registering auditors of entities subject to the Authority's supervision, and must be independent from the fund manager according to the independence standard stated in (Certified Public Accountants Regulations).
- b) Where a fund was established more than (9) months before such public fund's year-end, an audit must be conducted as of its first year end.
- c) Where a fund was established (9) months or less before such fund's year-end, an audit may be conducted at the end of the second year end of the fund.
- d) The approval of the Fund Board of Directors must be obtained to appoint or change any alternative external auditor. The fund board must reject the appointment of an external auditor, or instruct the fund manager to replace an external auditor which has already been appointed in relation to the fund, if:
 1. there are any outstanding and significant allegations of professional misconduct in relation to external audit functions by the auditor;
 2. If the external auditor of the fund is no longer independent
 3. supervision the fund board determines that the external auditor does not have sufficient qualifications and experience to perform a satisfactory auditing functions; or

4. The Authority, in its absolute discretion, instructs the fund manager to replace the external auditor appointed in relation to the public fund.
- e) The audit fees of the external auditor shall be determined by the Fund Manager with the approval of the fund board.

Article 15: Commissions, Services and Management Fees

- a) The Fund Manager must disclose in the Fund's Terms and Conditions any service commissions or fees charged by it or by any other parties.
- a)b) The Fund's terms and conditions must specify all fees, charges and commissions whether they were charged on the Unitholders or on the Fund's assets.
- b)c) The Authority may impose a cap for any of the service fees and commissions charged by the Fund Manager.

Article 16: Meeting of Unitholders

- a) The fund manager may call for a meeting of unitholders on its own initiative. Provided that the subject of the invitation does not contradict with the responsibilities and duties of the Fund Manager in accordance with the provisions of these regulations.
- b) The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from the custodian.
- c) The fund manager must call for a meeting of unitholders within (10) days of receiving a written request from a unitholder or more, holding individually or collectively at least (25%) in value of the units in the fund, and the fund manager must state it in the fund's terms and conditions.
- d) The fund manager shall call for a meeting of unitholders by announcing it on its website and any other website available to the public according to the controls set out by the Authority, and by sending a notice in writing to all the unitholders and the custodian giving not less than (10) days' notice before the meeting and no more than (21) days' notice before the meeting. The announcement and notice must specify the date, place and time of the meeting and the proposed resolutions and its agenda. The fund manager must provide a copy of such notice to the Authority immediately without any delay.
- e) When preparing the agenda for the unitholders' meeting, the fund manager must take into consideration the topics that the unitholders want to include, unitholders who own at least (10%) of the fund units value are entitled to add one or more topics to the agenda of the unitholders' meeting. Provided that the proposed topic does not overlap with the responsibilities and duties of the Fund Manager in accordance with the provisions of these regulations.

- f) The fund manager may amend the agenda of the unitholders meeting within the notice period referred to in paragraph (d) of this Article, conditioning it announces that on its website and (if the fund is listed) the Exchange's website, or notify all unitholders and the custodian; 1) at least 10 days prior to the meeting; 2) within a maximum of 21 days prior to the meeting.
- g) In case that the unitholders approve any of the decisions proposed at the unitholders' meeting, and this necessitates amending the fund's terms and conditions, the fund manager must amend the fund's terms and conditions according to the approved decision.
- h) The quorum required to conduct a meeting of the unitholders shall be such number of unitholders holding together at least (25%) in value of the units in the fund or greater percentage as specified in the fund's terms and conditions.
- i) If the quorum requirements set out in paragraph (h) of this Article are not met, the fund manager shall call for a second meeting by announcing it on its website and any other website available to the public according to the controls set out by the Authority and shall send a notice in writing to all the unitholders and the custodian giving not less than (5) days' notice prior to the second meeting. At the second meeting, any number of unitholder(s) holding any number of units present in person or represented by a proxy shall considered a valid quorum.
- j) Every unitholder may entitle to appoint a proxy to represent such unitholder at the meeting of unitholders.
- k) Every unitholder shall be entitled to exercise one vote at the meeting of the unitholders for each unit the unitholder holds as at the time of the meeting.
- l) Substantial unitholders may not vote at the meeting of the unitholders on the decisions relating to the acquisition of real estate assets owned or utilized by them.
- m) The unitholders meetings and its deliberations and voting on decisions may be conducted through modern technology in accordance with requirements set by the Authority.
- n) The decision shall be effective upon the approval of unitholders holding more than (50%) of the total units present in the meeting either by unitholders attending in person, appointed proxy or through contemporary technology.
- o) The Real Estate Investment Treaded Fund is excluded from the requirement of sending a written notice to all unitholders mentioned in paragraphs (d) and (f) of this Article.

Chapter 3: Disclosure

Article 17: Disclosure

- a) The Fund Manager shall provide sufficient information with regards to the Fund's investment goals, **conditions**, risks and any other information that would enable Unitholders to make their investment decisions. The information materials about a Fund shall not contain any incorrect or misleading information.
- b) The Fund Manager must disclose all expenses related to the establishment and offering of the real estate investment fund, if such expenses were by incurred by the fund.
- c) The fund manager must submit an updated version of the fund's terms and conditions to the Authority within (10) days from any amendments to it, and also provide the custodian with the updated version immediately. The fund manager must also publish the updated version of the fund's terms and conditions on the fund manager's website and the Exchange's website within (10) days of making any changes to it, including the annual update of the fund's performance.

Article 18: Reporting to Unitholders

- a) the real-estate fund manager must publish a semi-annual statement of the financial year, and the real-estate investment traded fund must publish a quarterly statement of the financial year in accordance with the requirements of Annex(5) of these Regulations (as applicable) , within a period not exceeding (10) days on its website and any other website is available to the public.
- b) The fund manager must prepare and publish the annual reports in the fund manager's website and any other website is available to the public, pursuant to the controls set out by the Authority and the requirements of Annex (4) of these Regulations.
- c) the fund manager must make the interim financial reports (prepared in accordance to the accounting and auditing standards adopted by Saudi Organization for Certified Public Accountants SOCPA) available to the public, free of charge, within a period not exceeding (30) days after the end of the reporting period, in websites and channels as specified in the Fund's terms and conditions, and in the fund manager's website and any other website is available to the public, pursuant to the controls set out by the Authority.
- d) the Fund Manager must make the annual reports available to the public (including the annual financial reports prepared in accordance with the accounting and auditing standards adopted by Saudi Organization for

Certified Public Accountants SOCPA) free of charge, within a period not exceeding (3) months after the end of the reporting period, on websites and via channels as specified in the Fund’s terms and conditions, and in the fund manager’s website and any other website is available to the public, pursuant to the controls set out by the Authority.

Chapter 4: Fundamental and non-fundamental Changes

Article 19: Approval of the Authority and Consent of Unitholders to Fundamental Changes

- a) A fund manager must obtain the consent of the unitholders in the relevant fund to the proposed fundamental change by way of an ordinary fund resolution.
- b) A fund manager, after obtaining the consent of the unitholders specified in paragraph (a) of this Article, must obtain the approval of the Authority in the relevant fund to the proposed fundamental change.
- c) For the purposes of these Regulations, “fundamental change” means:
 - 1) a change which significantly changes the purposes or nature of the fund;
 - 2) a change which may have a material adverse effect on the unitholders or their rights in relation to the closed-ended fund;
 - 3) a change which alters the risk profile of the fund; or
 - 4) the voluntary withdrawal of a Fund Manager from its position as the fund manager.
 - 5) It usually causes unitholders to reconsider of their subscriptions in the closed-ended fund.
 - 6) A change that materially increases the total payments made out of the closed-ended fund's assets.
 - 7) Change in the maturity date or termination of the closed-ended Fund.
 - 8) Increase the total value of the close-ended fund assets by accepting cash or in-kind contributions, or both.
 - 9) any other cases determined by the Authority from time to time and reported to the Fund Manager.

- d) The fund manager must notify the unitholders and disclose details of fundamental changes on its website and any other website available to the public according to the controls set out by the Authority (10) days before of the date in which the change becomes effective.
- e) Details of all fundamental changes shall be included in the next fund report prepared by the fund manager pursuant to Article (18) of these Regulations.
- f) A real-estate investment traded fund shall be exempted from the unitholders notification requirement set out in paragraph (d) of this Article.

Article 20: Notification to the Authority and Unitholders of Non-fundamental Changes

- a) The fund manager must notify the Authority and unitholders, and disclose on its website and any other website available to the public according to the controls set out by the Authority of any non-fundamental changes to the fund before (10) days of the change becomes effective. Unitholders may have the right to redeem their units before the non-fundamental change becomes effective, and without charging any redemption fees (if any).
- b) The fund manager must obtain the fund board approval on any non-fundamental changes.
- c) For the purposes of these Regulations, “non-fundamental change” means any change that does not fall within the provisions of paragraph (c) of Article (19) of these Regulations.
- d) Details of all non-fundamental changes must be included in the next fund report prepared by the Fund Manager pursuant to Article (18) of these Regulations.

Chapter ~~Three~~ 5: Fund Assets Requirements, Custody of its Assets and Operation Rules

Article ~~1021~~: Fund Assets Requirements

The Fund Assets should include the following conditions:

- a) All real estates of the Fund should be owned pursuant to valid title of deeds ~~and prove its validity through a statement from the issuing agency.~~
- b) All real estates of the Fund that are the subject matter of the ~~project~~ investment shall have been approved to be designed and constructed by an official document from the competent ~~municipality~~ body, and for income generating real-estate assets a proof that it is ready for a legal use must be provided.
- e) ~~The Evaluator’s report should be provided for the real estate.~~

~~d) Registration of the title of deed to real estate as follows:~~

~~1) Under the name of the Fund Manager or its affiliate.~~

~~2) Under the name of any other party with notation on the title of deed.~~

c) The fund manager must ensure the fairness and integrity of the lease agreements for income generating real-estate assets.

d) All lease agreements must be legally documented to ensure the rights of all parties.

e) Provide evaluation reports for the real-estate prepared by valuers accredited with the Saudi Authority for Accredited Valuers' fellowship, and publish them during the offer period on its website and any other website available to the public, pursuant to the controls set out by the Authority, provided that the evaluation period shall not exceed three months at the offering commencement date. In case where more than two accredited valuers were appointed, the fund manager must publish all the accredited valuers' reports.

Article 1122: Custody of Fund Assets and Related Documents

~~An Authorized Custodian shall undertake the custody of the fund assets. The Fund Manager may conduct custody services if it is authorized to conduct custody services. All related documents to the Fund should be maintained, which includes but not limited to the following:~~

~~a) Title of deed.~~

~~b) Investment decisions.~~

~~c) All materials contracts related to the operation of the Fund.~~

~~d) Fund Board meeting minutes.~~

~~e) Evaluation reports.~~

a) The custody of the fund assets shall be held by one or more custodians in the Kingdom pursuant to a written contract, who shall be authorised person to conduct custody activity.

b) A custodian may appoint one or more third parties or affiliates as a fund sub-custodian for any real estate traded investment fund, pursuant to a contract in writing, to take custody of the fund's assets. The remuneration of the fund sub-custodian shall be paid by the custodian out of its own resources and the fund sub-custodian must be authorised person to conduct custody activity.

c) With exception of paragraph (b), A fund sub-custodian may be appointed from out of the Kingdom to conduct custody of the fund's foreign investments, and must be appointed pursuant to a contract in writing and shall be established, authorised and supervised in a jurisdiction that employs regulatory standards and requirements at least equivalent to those of the Authority.

d) The custodian appointed pursuant to paragraph (a) or paragraph (b) of this Article must not be a fund manager or a fund sub-manager to the relevant fund, or an affiliate of the fund manager or to the fund sub-manager.

- e) The custodian must segregate each investment fund's assets from its own assets and from the assets of its other clients, and must separately identify, by registration in the name of the custodian for the benefit of the relevant investment fund the securities and other assets of such investment fund. The custodian must register the real estate assets of the fund and the ownerships in companies unlisted and not deposited at the depository center in the name of a fully owned company of the custodian.
- f) With exception of paragraph (e) of this Article, In case the investment fund takes the form of a special purposes entity, The custodian must segregate each investment fund's assets from its own assets and from the assets of its other clients. Such assets must be specified independently by registering the securities and other assets in the name of the special purposes entity. The custodian must also maintain all necessary records and other documents that support the performance of its contractual obligations.
- g) All related documents and records to the Fund must be maintained by the custodian, which includes, for example, the following documents:
- a. Title of deed.
 - b. Investment decisions.
 - c. All material contracts related to the operation of the Fund.
 - d. Fund Board minutes of meeting.
 - e. Accredited Valuers' reports.
- h) The custodian is responsible for maintaining and protecting the real estate fund assets for the benefit of unitholders, through a policy established by the fund manager in this regard.

Article 1223: Segregation of Fund Assets

- a) A ~~fund manager~~ custodian shall ~~must open~~ establish a separate local bank account in ~~the his~~ name ~~of for~~ each fund ~~established~~ he is a custodian for, such account shall be in favor of the related investment fund. ~~by it and into which it shall deposit all monies belonging to the fund and from which it will debit payments for investments and expenses incurred in the operation and administration of the fund as permitted by the Fund's terms and conditions and the provisions of these Regulations.~~
- b) As an exception to the provisions of Paragraph (a) of this Article, in the event of an investment fund that takes the form of a special purposes entity, the custodian must open a separate account with a local bank in the name of such special purposes entity.
- c) The custodian must deposit all cash belonging to the investment fund into the relevant bank account referred to in paragraphs (a) or (b) of this Article (as applicable), and must deduct from the relevant bank account the amounts used to finance the investments and Investment fund management

expenses and its operations in accordance with the provisions of these Regulations and the fund's updated terms and conditions that received from the Fund Manager, and the contract by which the custodian was appointment by the fund manager.

- b)d) The ~~Fund Manager~~ custodian must ~~shall entirely~~ segregate each real estate ~~the~~ investment fund's assets from ~~any other~~ its own assets, and from the assets of its other clients.
- e) The net assets of the Fund shall be owned collectively by the Unitholders in such Fund. A Fund Manager, or custodian shall not have any interest in or claims against such assets, other than when the Fund Manager is a Unitholder, or for claims permitted under these regulations and disclosed in the Fund's terms and conditions; ~~and creditors of Fund Manager of custodian do not have any claim or entitled to money or assets of the Fund.~~
- f) With the exception of fund units owned by the fund manager, fund sub-manager, custodian, sub-custodian, advisor, or distributor, and within the limits of what is owned by the debtor, Creditors of such fund manager, fund sub-manager, custodian, sub-custodian, advisor, or distributor may not have any right to claim or entitlements to money or assets of the investment fund.
- e)g) A Real estate assets of the real estate fund can be mortgaged to a subsidiary of an entity licensed to provide loans, that extended a loan for the fund.

Article 24: Property Management

The fund manager must appoint one or more company(s) to carry out the property managements, after ensuring that it obtains the necessary approvals and licenses to conduct its business and activities from the relevant government bodies, to manage the real estate under investment, and that company must possess the necessary expertise in the field of real estate and its management, where applicable, the company shall be responsible for all services related to property management, including, but not limited to, property management and maintenance, leasing services and rent collection. The fund manager may agree with the lessee - under the leasing agreement - that such lessee be responsible for managing the property and carry out any maintenance during the leasing agreement period (where applicable).

Article 25: The Developer and Engineering Office

In the event that one of the objectives of the fund includes the initial development

or constructional development, the fund manager must appoint a developer and an engineering office independent of any of the related parties, and the engineering office shall - as a minimum - oversee the implementation of the fund's business plan.

Article 26: Valuation

a) The fund manager must, before purchasing or selling any of the Fund's assets, obtain an evaluation from two accredited valuers known for their experience, integrity and knowledge of real estate activity and area under investment.

b) The fund manager must ensure that any valuer appointed pursuant to paragraph (a) of this article meets the following conditions:

- 1) the accredited valuer must be independent from any related parties
- 2) the accredited valuer must have obtained the fellowship of the Saudi Authority for Accredited Valuers.

c) The accredited valuers report must contain as a minimum the following:

1. The evaluation method, way and assumptions on which such evaluation is based.
2. An analysis of the variables related to the real estate market, such as the demand, supply and market trends.
3. Details and descriptions of the real estate.
4. The risks related to the real estate subject to evaluation.

d) On purchasing or selling any of the fund's assets, the Fund Manager may not rely on any evaluation report prepared before more than (3) months prior to purchasing or selling.

e) The Fund Manager must provide the accredited valuers with a clear, accurate, and not misleading of any information or documents concerning the assets of the real estate fund to be evaluated, which including but not limited to, related contracts, engineering reports, constructions costs and any information that would enable the accredited valuer preparing its report in accordance with regulatory provisions and accredited standards.

f) Providing the evaluation reports for the real-estate prepared by accredited valuers with the Saudi Authority for Accredited Valuers' fellowship and publish them during the offer period on its website and any other website available to the public pursuant to the controls set out by the Authority , and that the evaluation period shall not exceed (3) months at the date of the commencement of the offering, in case of more than two accredited valuers were appointed, the fund manager must publish all the accredited valuers' reports.

- g) The Fund Manager must submit a declaration from each accredited valuer confirming that he is complying with the Accredited Valuers Law and its Implementing Regulations and any other Regulations issued by the Saudi Authority for Accredited Valuers (TAQEEM),, and that the scope of the evaluation reports is appropriate for the purpose of the fund manager's request and is valid for the public offering. The evaluation reports shall include the rental market value of the relevant real estate, if they are different from the contractual rental value in the real estate leases (in case the real estates are income- generating).
- h) The Fund Manager must replace the accredited valuers every (5) years at most. Any valuer who have served for this period of time may be re-appointed after a period of (1) year has elapsed from the date of last contract.

Article 27: Evaluation of fund Asset and Calculation of Unit Price

- a) The Fund Manager is responsible for performing fair evaluation to fund's assets.
- b) The Fund Manager shall evaluate the Fund's assets at least once every (6) months based on an evaluation prepared by two accredited valuers in accordance with the evaluation policy set out in the fund's terms and conditions, and publish the accredited valuers' report on its website and any other website available to the public in accordance with the controls set out by the Authority within a period not exceeding (15) days from issuing such report. The evaluation reports shall include the rental market value of the relevant real estate, and in case of more than two accredited valuers were appointed, the fund manager must publish all the accredited valuers' reports.
- c) The net value of the unit shall be calculated by subtracting the Fund's total liabilities from its total assets, then dividing the result by the number of the fund's units, and this shall be considered as a benchmark price of the unit.

Article 1328: Register of Unitholders ~~Title to Units~~

- a) A Fund Manager shall establish and maintain a register of Unitholders.
- b) A Fund Manager may engage a third party or parties pursuant to a contract in writing to establish and maintain a register of unitholders referred to in (a) above.

- c) Notwithstanding the appointment of a third party, the Fund Manager shall remain responsible for the discharge of all its duties in relation to the register under these Regulations.
- d) The register shall be conclusive evidence as to the persons entitled to units entered on the register.
- e) The Fund Manager must maintain the following information in the register:
 - 1) The name ~~and~~ address and contact number of each Unitholder;
 - 2) The national ~~civil~~ identification number, Iqama number, passport number or company registration number of the Unitholder;
 - 3) The nationality of the Unitholder;
 - 4) The number of units held by each unitholder; and
 - 5) The date on which the Unitholder was registered in the register.
- f) The REIT Fund is excluded from the provisions of this Article.

Article 14: Subscription

- ~~a) Without prejudice to the rule of Real Estate Ownership for Non-Saudis in the Kingdom, subscription in the Fund is open to any Saudi, GCC citizens or non-Saudi residents in the Kingdom.~~
- ~~b) The Fund's capital is divided into units with equal values and rights, and the Unitholders' responsibilities are limited to their ownership in the Fund.~~
- ~~c) The Fund's unit values should be fully paid during the subscription period in accordance with the Fund's Terms and Conditions.~~
- ~~d) It is not allowed to offer and subscribe to the Fund's units except through the Fund Manager, who should ensure, before accepting any subscription, that the Unitholder gets a copy of the Fund's Terms and Conditions.~~
- ~~e) Subscription period in the Fund should be specified, and in case the capital is not fully covered during that period, the Fund Manager has the right to extend the subscription period after obtaining the Authority's approval. In case the capital is not covered, all amounts should be returned back to the Unitholders without any deductions.~~
- ~~f) The Fund Manager can invest its cash by owning units in the Fund upon establishment, but this should be disclosed in the Fund's Terms and Conditions.~~

Article 29: Subscription and Offering

- a) Without prejudice to the Rule of Real Estate Ownership for Non-Saudis in the Kingdom, subscription in the Fund is open to any Saudi, GCC citizens, non-Saudi residents or foreigners non-residents in the Kingdom.
- b) The Fund Manager must commence the offer and issuance of the fund units within (6) months from the date of the Authority's approval. If the applicant did not commence the offer of the fund's units during such period, the Authority's approval shall be deemed to be cancelled

- c) The Fund's unit value must be fully paid during the fund's offering period in accordance with the Fund's Terms and Conditions.
- d) the Fund Manager, who should ensure, before accepting any subscription, that the Unitholder obtains and signs a copy of the Fund's Terms and Conditions.
The Fund Manager shall issue.
- e) a confirmation notice to the unitholder upon subscription in the units of the Fund.
- f) The offering period of the Fund shall be specified, and in case the required minimum amount, which stipulated in the fund's terms and conditions that must be collected is not reached, the subscription amounts must be returned back to the unitholders, then the fund manager must cancel the offering and return the fund's unitholders without any deduction within a period not exceeding (5) days from the date of ending the offer.
- g) The Real Estate Investment Fund offering period must not exceed a maximum period of (60) days.
- h) The Fund Manager must submit to the Authority within (10) days of the end of the offering period, a statement of the offering results, and disclose it on its website.
- i) A related party or unitholder who have subscribed in the fund with an in-kind contribution may not reduce its ownership in the fund's units to less than the number of units issued corresponding to such right. With an exception to any unitholder with who subscribed with cash contributions and its ownership exceeds 5% of the real-estate investment fund's net assets.
- j) The Fund Manager and its affiliates may subscribe for their own account in the fund units managed by the fund manager, provided that the fund manager discloses this in the fund's terms and conditions, provided that the following requirements are met:
 - 1. the subscription condition of the fund manager and his affiliates in the units and related rights shall not have more privileges than the conditions and rights related to the units owned by the other unitholders of the same category.
 - 2. That the Fund Manager and his affiliates shall not exercise voting rights related to the units they own.
 - 3. The Fund Manager shall disclose the details of his investments in the fund units, by the end of each quarter on its website and the Exchange's website, as well as in the reports prepared by the fund manager in accordance with Article (18) of these Regulations.
- k) The total value of the fund's assets may be increased according to the following mechanism:
 - 1. The fund manager must obtain the unitholders' approval to offer additional units to the fund by accepting in-kind contributions or by

accepting cash contributions, or both in accordance with Article (19) of these Regulations.

2. The fund manager must obtain the authority's approval to offer additional units to the fund by accepting in-kind contributions or by accepting cash contributions, or both.
 3. The Fund Manager must commence offering the additional fund's units, within a period not exceeding (6) months from the date of the Authority's approval. If the applicant did not commence the offer of the fund's units during such period, the Authority's approval shall be deemed to be cancelled
 4. In case that the total value of the fund's assets increased by accepting cash contributions or cash and in-kind contributions, the offering period of real estate fund shall be not exceeding, as a maximum, (60) days from the date of the Authority's approval.
 5. In the event that the value of the units to be offered is collected, the offered units must be allocated to the registered fund's unitholders on the day of the unitholders meeting and then allocate the remaining units - if any - to the rest of the unitholders and return the surplus to all the unitholders in cash - if any - within a period that not exceeding (15) days from the end of the offering period set forth in the fund's terms and conditions. Provided that the ownership of the property to be acquired or its benefit is transferred to the interest of the fund within a period not exceeding (60) days from the end of the offering period.
 6. In the event that the total value of the fund's assets is increased by accepting in-kind contributions, the additional units shall be allocated to the unitholders in the form of in-kind immediately, after obtaining the approval of the unitholders referred to in subparagraph (1) of paragraph (k) of this Article. Provided that the ownership of the property to be acquired or its benefit shall be transferred to the fund's interest within a period not exceeding (60) days from the date of approval of the unitholders.
 7. With regards to the provisions of subparagraph (3) of Paragraph (k) of this Article, and in the event that the minimum required to be collected and stipulated in the fund's terms and conditions is not collected, the Fund Manager must cancel the offering and return back the amounts to the fund's unitholders without any deduction within a period not exceeding (5) days from the date of ending the offering period.
- 1) The REIT is excluded from the provisions of paragraphs (d) of this Article

Article 30: Units

- a) The potential unitholder shall be the owner of the units to which it has subscribed for as soon as executing the subscription request in the next dealing day following the deadline for the submission of subscription and redemption requests.
- b) The unitholder shall be entitled to exercise all rights in relation to the units (including, but not limited to, the right to vote at meetings of unitholders);
- c) Other than losing his/her investment in the fund or part of it, the unitholder shall not be liable for the debts and obligations of the relevant fund.
- d) A fund may issue more than one class of units, all unitholders from the same class shall have the same rights as each other and shall be treated equally by the fund manager. No class of unitholders shall have a deferent investment strategies and objectives from the investment strategies and objectives of another class in the same investment fund.
- e) A class of a unitholders shall not benefit from the rights that prejudice the rights of unitholders of another class.
- f) The REIT is excluded from the provisions of paragraph (a) of this Article.

Article 1531: Restrictions on the Funds

- a) Using the Fund's Assets:
The Fund Manager must manage the available liquidity for the benefit of the Unitholders in low risk investment channels and without deducting any additional management fees to the invested amounts.
- b) Borrowing:
The Fund -including a REIT on the Main Market- may not borrow more than (50%) of the fund's total assets value according to the last reviewed financial statements, however in the case of a REIT on the parallel market, the borrowing shall not exceed (100%) of the fund total asset value, according to the last reviewed financial statements.~~according to a specified percentage from its net assets value, approved by the Authority, and with what is suitable for the Fund's purposes. The Fund Manager however is not allowed to use the Fund's assets to provide loans or credit facilities to others.~~
- e) ~~Distributions:~~
~~The Fund Manager shall distribute the Fund's gains, whatever its purpose, to the Unitholders every six months at a maximum, if those gains reach a~~

~~certain percentage of the Fund's total asset value as per its Terms and Conditions.~~

c) The REIT is excluded from the provisions of paragraph (a) of this Article.

Article 1632: Trading

~~a) After the end of the subscription period, any Related Parties may not purchase or sell any unit of the Fund during the Fund's period.~~

b)a) _____ The Fund Manager and Custodian should take all necessary steps for facilitating unit's trading transfer and registering them.

e)b) _____ The Fund Manager shall maintain a register for all purchasing orders requests and selling offers related to the Fund's units.

c) _____ The Fund Manager shall inform investors, willing to purchase or sell, about the purchasing orders and selling offers register, the benchmark price of the unit and date thereof.

d) The REIT is excluded from the provisions of this Article.

Article 1733: Advertising

a) The Fund Manager shall, in any advertisements relating to the Fund, (as defined in the Authorized Persons Regulations) must satisfy the requirements of this Article and the applicable provisions of the Authorized Persons Regulations and the Securities Business Regulations and the Instructions for Investment Funds Announcements and relevant regulations.

b) The Authorized person should provide any advertisement, brochure, marketing leaflet or any other methods used for the offering or selling of the Fund units before it is used to the Authority.

c) The advertisement of the Fund should include the following details:

1) The manner for obtaining a copy of the Fund's Terms and Conditions, and its financial reports.

2) The Fund's purpose, the fund's total assets value, capital and its period, type and class.

~~3) The Authority's approval number and date, in addition to other approvals and licenses issued by related government parties.~~

3) Fund manager's license number and its authorised activities

4) A statement that the value of an investment in the Fund is variable and it maybe subject to increase or decrease or loss of the full amounts.

5) A reference to the disclosure mentioned in the terms and conditions related to the major risks associated with investment in the Fund.

- d) Any advertisements for the Fund shall not include any forecast of the future performance of the Fund.

Article 18-34: Termination and liquidation of the Fund

~~a) The Fund shall terminate in any of the following cases:~~

- ~~1) Expiry of the Fund's specified period.~~
- ~~2) Achieving the purpose the Fund was established for.~~
- ~~3) The occurrence of one of the termination reasons mentioned in the Fund's Terms and Conditions.~~

~~The Authority and Unitholders shall be notified upon occurrence of any of the events set out in subparagraph (2 or 3) of this paragraph within 30 days.~~

~~If the Fund Manager desires to terminate the Fund in any cases other than the cases mentioned in (a) above, it should request the Authority's approval prior to terminating the Fund.~~

- a) The fund manager must complete the process of selling the fund's assets prior to the end of the fund's term.
- b) The fund manager may extend the fund's term after obtaining the unitholders' approval via an ordinary fund resolution, to complete the sale process of the fund's assets or any other event.
- c) In the event of expiry of the fund's term and the fund manager is unable to complete the sale of the fund's assets before the expiry of its term, the fund manager must liquidate the fund's assets completely within a maximum period of 6 months from the date of the expiry of the fund's term.
- d) The Authority and unitholders must be notified of fund termination within 10 days from the end of fund term in accordance with requirements in paragraph (d) of Annex (10) of these Regulations.
- e) If a fund manager wishes to terminate a fund, it shall obtain the fund board of directors' approval – where applicable – on the plan and procedures for the fund termination and liquidation, prior to carrying out any procedure in this regard.
- f) The fund manager must notify the unitholders and the Authority, in writing, of the plan and procedures for the fund termination and liquidation at least (21) days prior to the intended date for terminating the fund, without prejudice to the fund's terms and conditions of the fund.
- g) The fund manager must comply with the plan and procedures for fund termination and liquidation approved as per paragraph (e) of this Article.
- h) If the fund's term is specified in accordance with the fund's terms and conditions, and no decision has been issued by the fund unitholders to extend its term before its expiration, the fund manager must liquidate the fund and terminate it immediately after its term ends.

- i) If the purpose for which the Fund was established, or in the case that the terms and conditions of the fund provide that the fund will be terminated upon the occurrence of specified events, the fund manager must terminate the fund and notify the Authority and unitholders in writing within (5) days of the occurrence of such event that required the termination of the fund.
- j) The fund manager must disclose on its website and any other website available to the public in accordance with controls set out by the Authority, the termination of the fund and the time needed to liquidate it.
- k) The fund manager shall provide the unitholders with the fund termination report in accordance with the requirements of Annex 12 of these Regulations within a period not exceeding (70) days from the date of completion of liquidation, including the final financial statements of the fund. In all cases, the fund manager must immediately and without any delay notify the Authority and unitholders of any material events or developments during the fund's liquidation period.
- l) The fund manager must treat all unitholders equally during the fund liquidation process.
- m) The fund manager must immediately upon the liquidation completion distribute the dues of the unit holders to them, without delay and in a manner that does not conflict with the interest of unitholders and the fund terms and conditions.
- n) The Authority may remove the fund manager from the liquidation process in the event of a special fund resolution issued by the unitholders, provided that the alternative liquidator is appointed in the same meeting in which the unitholders voted to remove the fund manager.
- o) If the fund manager was removed from the liquidation process, it should fully cooperate to transfer liquidation responsibilities to the appointed liquidator within (20) days from the issuance of the Authority's resolution to remove the fund manager and appoint a replacement liquidator. The removed fund manager must transfer to the appointed liquidator all documents of the relevant investment fund that will enable it to complete liquidation.

Part 4: Real Estate investment Traded Fund

Article 35: Scope and Application

The purpose of this Part is to regulate the offering, registration and management of REIT units and it's operations and supervise its associated activities in the Kingdom.

Article 36: General Provision

- a) The offering, operations and management of the real estate investment traded funds in the Kingdom shall be in accordance with the provisions of this Part and these Regulations, and to the extent that such provisions do not contradict the nature of the fund.
- b) The offer of units of a REIT in the Parallel Market is limited, under the provisions of this Part to qualified investors.
- ~~b~~c) The unitholder of REIT is deemed to have read and accepted the funds terms and conditions upon purchasing a unit of REIT from the Exchange.
- ~~e~~d) Any related party may buy or sell any unit of the fund after listing the units.
- ~~d~~e) No person or group of persons having their names listed on the fund's terms and conditions, upon establishment, indicating their ownership of (5%) or more of the fund's units -through in-kind contribution- may dispose any of the units in which they subscribed during the first year of trading commencement of the relevant fund's units.
- ~~e~~f) Without prejudice to paragraph (1) of Article (29) of these Regulations, It is not permissible to dispose the units allocated to subscribers by in-kind contributions of (5%) or more through the mechanism of increasing the fund's total assets value within the first year of its trading commencement.
- ~~f~~g) The units of REIT must be registered with the Securities Depository Center.

- g)h) The fund manager must publish all the required information to be disclosed as per these Regulations on its website and the Exchange's website and such information must be complete, clear, accurate and not misleading.
- h)i) Any fundamental changes to the terms and conditions of the fund during the offering period is prohibited.
- h)j) The fund's terms and conditions shall allocate a percentage of the total offer for institutional investors.
- h)k) The fund manager shall ensure when acquiring the assets of an existing real estate investment fund that is managed by the same fund manager, that such acquired assets have achieved rental net profit after deducting all expenses for the last (3) years for the constructionally developed and income generating real estates.
- h)l) If any of the limitations set forth in these Regulations or in the fund's terms and conditions are breached due to a change of circumstances that is beyond the control of the fund manager and the breach has not been rectified within (5) days from the date of the occurrence of such breach, the fund manager must immediately notify the Authority of such event in writing, indicating the action taken and period of time required to rectify the matter. The Authority may at its absolute discretion vary the time limit for rectifying such breach.
- h)m) Without prejudice to paragraph (h) of Article (29) of these Regulations, The fund manager must disclose to the Authority regarding the statement of the offering results on the Exchange's website.
- h)n) To achieve the independence a member of the board of directors, the following must be complied:-
1. An independent fund director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the board make sound decisions that contribute to achieve the interests of the fund.

2. With regards to the definition of "Independent fund director" in these Regulations and the Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority, cases that negate the independence requirement for an independent director in the board of a REIT, include but are not limited to, the following:

- a) if he/she holds (5%) or more of the fund's units or the units of another fund under the management of the same fund manager; or is a first degree relative of someone who owns such percentage.
- b) if he/she is a representative of a legal person that holds (5%) or more of the fund's units or the units of another fund under the management of the same fund manager;
- c) if he/she is a representative of a legal person that holds (5%) or more of the shares of the fund manager, an affiliate of the fund manager, the custodian or an affiliate of the custodian;
- d) if he/she is a first degree relative of any member of the board of the fund or any other fund under the management of the same fund manager;
- e) if he/she is a first degree relative of any related party of the fund.
- f) if he/she is an employee or used to be an employee , during the preceding two years, of the fund manager or any party related to the fund, or if he/she, during the preceding two years, held a controlling interest in any of these parties.
- g) if he/she receives financial consideration from the fund in addition to the remuneration for his/her membership of the board.

o) A real-estate investment traded fund may list in the Parallel Market after the issuance of a special fund resolution by the unitholders approving of such.

Article 37: Conditions for Offering REITs

a) The following conditions must be satisfied when applying:

- 1) **The fund type:** the REIT fund must be a closed-ended fund.
 - 2) **The minimum requirement for establishment:** the fund's total assets value must be 500 million Saudi Riyals at least, upon establishment, to offer its units in the Main Market, and not less than (100) million Saudi riyals to offer its units in the Parallel Market.
 - 2)3) **The nominal value per unit:** the nominal value per unit must be (10) Saudi Riyals.
 - 3)4) **Subscription fees:** public unitholders may only subscribe by way of cash contributions.
 - 4)5) **Subscription limit:** the minimum subscription must not exceed (1000) units per unitholder.
- b) **The fund manager must comply with the following at all times:**
- 1) **Investment policy:** the fund's investments value in constructionally developed real estate, and qualified to generate periodic rental income must not be less than (75%) of the fund's total assets value according to the last audited financial statements.
 - 2) **Distributions:** the distributed profits on unitholders must not be less than (90%) of the fund's net profits annually.
 - 3) **Asset restrictions:**
 - a) **the fund manager may not invest in white lands. the fund manager is allowed to invest up to 25% of the fund's total assets value, according to the last audited financial statements, in any of the following :**
 1. **Real estate development, whether the real estate is owned by the fund manager or not.**
 2. **Renovation and redevelopment of real estate.**
 3. **Real estate repurchase agreements.**
 4. **Cash and such, units of investment funds licensed by the Authority and real estate companies.**

5. In case of RIETs traded in the Main market, Usufruct rights.

6. Treasury units

7. Debt instruments

b) The fund manager is prohibited from investing more than (25%) of the fund's total assets value, according to the last audited financial statements in real estate outside the Kingdom.

4) **Fund's assets requirements:** with regards to Articles (26) and (27) of these Regulations, the fund manager must ensure the provision of evaluation reports for the real-estate, prepared by valuers accredited with the Saudi Authority for Accredited Valuers' fellowship, and publish them during the offer period on its website and any other website available to the public according to the controls set out by the Authority . The reports shall contain an assessment of market rents and the assessment period shall not exceed three months of the offering commencement date. Where more than two accredited valuers were appointed, the fund manager must publish all the accredited valuers' reports.

Article 38: Offering Requirements for REITs

a) A fund manager seeking to offer a REIT units on the Exchange must submit an application to the Authority.

b) In addition to the requirements set forth in Article (3) of these Regulations, the fund's terms and conditions must include all necessary information to enable the potential unitholders to make an informed judgment based on sufficient information regarding the investment offered to them. This application shall contain the information provided in Annex (2) of these Regulations.

c) When submitting an application for offering, the fund manager must provide the Authority with a binding agreement to sell the real estate subject of

investment or a binding agreement to transfer the real estate's interest, where the fund is investing in usufruct rights, as determined in the fund's terms and conditions, upon the completion of the fund units offering and before its listing.

- d) When submitting an application for offering, the fund manager must provide the Authority with a memorandum of understanding between the fund manager and the company responsible for the property management or the lease contract, if agreed that the lessee is responsible for managing the property, as the case may be.
- e) When submitting an application for offering, the fund manager must provide the Authority with the names of two receiving agents, at least.
- f) When submitting an application for offering, the returns from any lessee must not exceed (25%) of the fund's total returns.
- g) The fund manager seeking to register and offer the REIT units must submit an application to the Authority which contains the information required under these Regulations, and submit to the Exchange, at the same time, an application for listing of such units in accordance with the provisions of the Listing Rules.
- h) The fund manager may not offer units to the public without making prior arrangements for listing those units on the Exchange in accordance with the Listing Rules.
- i) The approval of the application for offering will only be given by the Authority if:
 - 1. the Authority has received a notification from the Exchange of the Exchange's conditional approval of the corresponding application for listing pursuant to the Listing Rules;
 - 2. the conditional approval mentioned under sub-paragraph (1) of paragraph (i) of this part has not been withdrawn by the Exchange; and

3. the Authority is satisfied that the information contained in the terms and conditions is complete and fulfills the requirements of the Capital Market Law and its Implementing Regulations.

j) The fund manager must transfer the ownership of the real estate to be acquired or the right to its utility for the interest of the fund and to list the offered units on the Exchange within a period not more than (60) days from the end of the offering period.

Article 39: REITs Buy-back and Sale of Its Units:

a) For the purpose of applying these regulations, The process of buying-back and selling a REITS its units, in accordance with the provisions of these Regulations, is excluded from the acts and practices mentioned in paragraph (a) of Article (49) of the Capital Market Law.

b) a REITS may buy-back its units unless the fund's terms and conditions stipulate otherwise, in accordance with the following controls:

1. The buy-back of the fund's units is for the purpose of keeping them as treasury units or in order to cancel them.
2. The percentage of treasury units for the fund shall not exceed (10%) at any time.
3. Issuance of a special fund resolution by the unitholders approving the buy-back process, specifying the maximum number of units subject to the buy-back and its purposes, the sources of financing the buy-back process, and authorizing the fund manager to complete the buy-back within a period not exceeding twelve months from the date of the issuance of the referenced special fund resolution. Moreover, unitholders may issue at any time issuing a special fund resolution to change the purposes of the buy-back.
4. Unless the purpose of buying-back the units of the fund is to cancel them, the units buy-backs shall be made not exceeding (10%) of the quantity approved at the meeting of the unitholders for buy-back within one trading day, unless the approved quantity, or the remainder of the approved quantity that is not bought-back yet, is less than (10%) of the trading volume of the fund's units the day before the buy-back.

5. The buy-back price shall not exceed (5%) of the market closing price on the day preceding the day on which the buy-back is executed.
 6. The buy-back does not result in a decrease in the ownership of public unitholders to less than the liquidity requirements stipulated in the Listing Rules (where applicable) for the units issued by the Fund.
 7. The buy-back shall be made through the Exchange and not through a special transaction.
 8. The treasury units bought-back by the fund shall have any no voting rights at the unitholders meeting and shall not have any right in fund distributions.
- c) A REIT may not buy-back its units for use as treasury units except for the following purposes:
1. If the Fund's Board of Directors or whoever delegate believes that the price of the units in the Exchange is less than their fair value.
 2. Swap operations in return for purchase of an asset.
 3. Any other purpose approved by the Authority.
- d) The REITS fund manager, regarding buy-back of the fund's units, must comply with the following:
1. Disclose on its website and the Exchange's website, the decision of the Fund's Board of Directors to approve the Fund's buy-back of its units, at least half an hour before the start of the trading period for the next day.
 2. Call for a meeting of unitholders in accordance with the provisions of paragraph (d) of Article (16) of these Regulations.
- e) In the event of a special fund resolution issued by the unitholders approving the buy-back process, The REITS fund manager must this on its website and the Exchange's website, at least half an hour before the start of the trading period for the next day.
- f) The RIETS fund manager must immediately notify the Exchange according to the mechanism determined by the Exchange of the fund's buy-back of its units and the purpose of their buy-back, in order for the Exchange to publish that information in its periodic report on the funds buy-back of their units.

- g) The REITS fund manager must include in the annual report of the fund details of the treasury units held by the fund, and details of disposal of these units.
- h) A REITS may sell its treasury units if the terms and conditions of the fund stipulate that this is permissible, according to the following controls:
1. Executing the sale of treasury units shall not exceed 10% of the total amount of treasury units to be sold within one trading day, unless the approved quantity, or the remainder of the quantity to be sold is less than 10% of the trading volume of the fund's units the day before the buy-back.
 2. The sale of the treasury units shall be through the Exchange and not through a special transaction. As an exception to this, the sale of these units is not required to be through the Exchange if the purpose of the treasury units is to be used as a compensation in the swaps in exchange for buying an asset in accordance with the terms and conditions of the fund.

Article 40: Disclosure Requirements:

A) Disclosure of material developments:

- 1) the fund manager must disclose to the Authority and the unitholders without delay any material developments in its sphere of activity which are not public knowledge and which may affect the assets and liabilities, or financial position or the general course of business of the fund manager or any change affecting the status of the fund or leading to the voluntary withdrawal of the fund manager from its position as a fund manager and which may reasonably lead to movements in the price of the listed unit or significantly affect the fund's ability to meet its commitments in respect of the debt instruments.

- 2) In determining whether a development falls within the scope of this paragraph, the fund manager must assess whether a prudent investor would be likely to consider information about the development in making his investment decisions.

B) Disclosure of specific events:

The fund manager must disclose without any delay to the Authority and the unitholders any of the following developments (whether it is a material development as per paragraph (a) of this Article or not):

- 1) any transaction to purchase, sell, lease or mortgage an asset at a price equal to or greater than (10%) of the fund's net assets value according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 2) any losses equal to or greater than (10%) of the fund's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 3) any dispute, including any litigation, arbitration or mediation where the value involved is equal to or greater than (5%) of the fund's net assets according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 4) the increase or decrease of the fund's net assets equal to or greater than (10%) according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 5) the increase or decrease of the fund's gross profit equal to or greater than (10%) according to the latest audited annual financial statements;
- 6) any transaction between the fund and a related party or any arrangement through which the fund and a related party invest in any project or asset or provide financing thereof if this transaction or arrangement is equal to or greater than (1%) of the fund's gross revenues according to the latest audited annual financial statements;

- 7) any interruption in the principal activities of the fund, in which has an effect equals to or greater than (5%) of the fund's gross revenues according to the latest audited annual financial statements;
 - 8) the issuance of any judgment, decision, order or declaration by a court or judicial body, whether at first instance or on appeal, which may adversely affect the fund's utilisation of any portion of its assets which in aggregate value represents a value exceeds (5%) of the fund's net assets according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later; or
 - 9) any proposed change to the fund's total assets value.
- C) Complete, clear, accurate and not misleading disclosures:**
- 1) All disclosures made by the fund manager must be complete, clear, accurate and not misleading and shall be published on the fund manager's website and the Exchange's website and as specified in the fund's terms and conditions.
 - 2) Where, in the opinion of the fund manager, disclosure of any matter required by these Regulations, would be unduly detrimental to the fund and omission is not likely to mislead unitholders with regard to facts and circumstances, knowledge of which is essential for the assessment of the fund units in question, the fund manager may apply to postpone the relevant requirement or waive it. The fund manager must in that case provide the Authority on a strictly confidential basis with a statement of the request together with the reasons why the fund manager believes that the information should not be disclosed at that time. The Authority may approve the application for postponing or waiving the relevant requirement or reject it. If the Authority approves the application, the Authority may at any time require the fund manager to disclose any information on the waiver or postponement of the disclosure.

- 3) All information and material developments set forth in this Article shall be deemed confidential until they are disclosed. Before disclosing such information, the fund manager shall be prohibited from communicating such information to parties not bound by a confidentiality obligation and an obligation to protect such information. A fund manager must also take all necessary steps to prevent the leakage of any information and material developments before disclosing them as per these Regulations.
- D) The Fund Manager must determine the need to publish a disclosure to the public in response to rumors related to any material developments, and the Authority may require such publication to be made by the Fund Manager as it deems appropriate.
- E) The Fund Manager must comply with the provisions of the Instructions for Investment Funds Announcements.
- F) **Disclosure relating to substantial unitholders transactions:**
1. Any person must notify the Exchange if such person becomes the owner of, or is interested in, (5%) or more of the fund's units at the end of the third trading day the execution of the transaction or the occurrence of the event which results such ownership or interest; the person notification shall also include a list of persons, in which those persons, have an interest in the units that they own or control.
 2. The person referred to in sub-paragraph (1) of paragraph (f) of this Article, must notify the Exchange the event of any change to the list of persons referred to in sub-paragraph (1) of paragraph (f) of this Article including any event which requires the inclusion of a person to that list or the exclusion of any person who has been previously included in that list. Such notification must be made, within a period not exceeding the end of the third trading day following the occurrence of the relevant event.
 3. For the purposes of this paragraph, in calculating the total number of the fund's units in which any person has interest in, that person will be deemed

to be interested in any units owned or controlled by any of the following persons:

- a. a relative of that person;
 - b. a company controlled by that person; or
 - c. any other persons with which that person has agreed to act in concert to acquire an interest in the fund units.
4. the notification referred to in sub-paragraph (1) of paragraph (f) of this Article must contain at least the following information:
- a. the names of the persons who own the units or who have the right to dispose of the subject units;
 - b. details of the ownership process; and
 - c. details of any loans or financial support for the ownership process that the person has received from any other persons.

G) If a real-estate investment traded fund is invested in usufruct rights, the fund manager must disclose such rights 3 months prior to their end.

Article 41: Merging Real Estate Investment Traded Funds

- a) Submitting an application to the Authority for merging REIT funds
 - 1) after obtaining the approval of the unitholders of all the related funds by way of a special fund resolution, the fund manager may apply to the Authority for the approval to merge a number of REIT funds offered in accordance with these Regulations..
 - 2) the merger shall be through combining one fund or more into an existing fund.
 - 3) the unitholders must be notified about the merger details, which must be disclosed on the fund manager's website and on the Exchange's website, at least, (21) days prior to executing the merger.

- 4) The merger details must be incorporated in the fund's reports prepared by the Fund Manager pursuant to the Real Estate Investment Funds Regulations, based on the type of offer.
- 5) the fund manager must disclose the resulted merger costs.

b) **Additional information to be provided to unitholders**

- 1) The fund manager must provide all the unitholders with complete information about the proposed merger that will enable them to reach a proper decision, as per the following:
 - a. it is written in a way that is clear, accurate, and not misleading.
 - b. it contains, in a detailed way, all the expected consequences of the proposed merger.
- 2) it contains a detailed comparison of the charges of all services, commissions and management fees that are imposed on the related funds.

~~Chapter Four: Commissions, Services and Management Fees~~

~~Article 19: Commissions, Services and Management Fees~~

- ~~a) The Fund Manager shall disclose in the Fund's Terms and Conditions any service commissions or fees charged by it or by any other parties.~~
- ~~b) The Fund's terms and conditions should specify all fees, charges and commissions whether they were charged on the Unitholders or on the Fund's assets, and shall not be changed unless the Authority approval is obtained.~~
- ~~c) The Authority may impose a cap for any of the service fees and commissions charged by the Fund Manager.~~

~~Chapter Five: Conflict of Interests and Disclosure Thereof~~

~~Article 20: Conflict of Interests and Disclosure Thereof~~

- ~~a) A fund manager (or any of its affiliates) may not act as principal for its own account when dealing with investment funds managed by him.~~

- ~~b) Without prejudice to what is stated in paragraph (a) of this article, any dealing of the Fund with any related party shall be considered as conflict of interests, and the Fund Manager shall comply with the following:~~
- ~~1) Disclose any conflict of interest to the Fund's Board of Directors.~~
 - ~~2) Disclose any conflict of interests in the Fund's Terms and Conditions and its periodical reports.~~
 - ~~3) Disclose immediately any conflict of interest that may arise during the operation of the Fund.~~

~~Chapter Six: Valuation and Calculation of Asset Value~~

~~Article 21: Valuation~~

- ~~a) The authorized person shall, before purchasing or selling any of the Fund's assets, obtain an evaluation from two evaluators known for their experience, honesty and knowledge of real estate activity and area under investment.~~
- ~~b) They shall be independent from all Related Parties.~~
- ~~c) The evaluation report shall contain as a minimum the following:~~
- ~~1) The evaluation method, way and assumptions on which such evaluation is based.~~
 - ~~2) An analysis of the variables related to the real estate market, such as the demand and supply and market trends.~~
 - ~~3) Details and descriptions of the real estate.~~
 - ~~4) The risks related to the real estate subject to evaluation.~~
- ~~d) On purchasing or selling any of the fund's assets, the Fund Manager may not rely on any evaluation report prepared three months prior to purchasing or selling.~~

~~Article 22 : Calculation of Asset Value and Unit Price~~

- ~~a) The Fund Manager is responsible for performing fair valuation to fund assets.~~
- ~~b) The Fund Manager shall evaluate the Fund's assets at least once every six months based on an evaluation prepared by two evaluators.~~
- ~~c) The net value of the unit shall be calculated by subtracting the Fund's total liabilities from its total assets, then dividing the result by the number of the fund's units, and this shall be considered as a benchmark price of the unit.~~
- ~~d) The Fund Manager may postpone the valuation of the Fund's asset after obtaining the Authority approval.~~

~~Chapter Seven: Financial Reports~~

~~Article 23: Presenting Reports to Unitholders~~

- ~~a) The Fund Manager issues a confirmation to the Unitholder on subscription to the Fund's units.~~

- ~~b) The Fund Manager shall provide Unitholder with reports every six months as maximum once, which includes the following:~~
- ~~1) Net asset value of the Fund.~~
 - ~~2) Number of units each holder owns and their net value.~~
 - ~~3) Any profit paid after the last report provided to the Unitholders.~~

Article 24: Interim and Annual Financial Statements

- ~~a) The Fund Manager shall prepare interim and annual financial statements until the termination of the Fund, in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA).~~
- ~~b) The initial and annual financial statements must be approved by the Fund's Board of Directors, and signed by an authorized member of the Fund's Board.~~
- ~~c) Interim and annual statements must be submitted to the Authority immediately after it is approved by the Fund's Board of Directors.~~
- ~~d) The fund manager shall publish through electronic tools specified by the Authority, the interim and annual financial statement upon approval; such statements may not be published or sent to the Unitholder prior to announcement.~~
- ~~e) The Fund Manager must provide the Authority with the interim financial statements after it has been reviewed in accordance with the accounting standards issued by SOCPA and should announce such statements to Unitholders immediately after being approved during a period not exceeding 25 days of the end of the financial period included in those statements.~~
- ~~f) The Fund Manager must provide the Authority with a copy of the Annual Audited Financial statements according to SOCPA standards, and announce those statements immediately after being approved to Unitholders in a period not exceeding 40 days of the end of the financial year included in those reports.~~
- ~~g) The auditor shall be licensed to practice in the Kingdom and shall be independent from the fund manager and any of its affiliates.~~

Part 5: Investment Funds that Take the Form of a Special Purposes Entities

Part 4 Article 42: General Provisions

- a) All the provisions mentioned in these Regulations and the Rules for The Special Purposes Entities shall apply to Real Estate Investment Fund that take the form of a special purposes entity unless these Regulations indicate otherwise.
- b) For establishing a Real Estate Investment Fund that takes the form of a special purposes entity, the fund manager must submit an application to establish a special purposes entities in accordance with the provisions contained in these Regulations and the provisions contained in the Rules For Special Purposes Entities as applicable.
- c) The capital of the fund, which takes the form of special purposes entity, is variable and based on the contributions and redemptions of the investors in this fund.
- d) For the purposes of this Part, any reference to the “fund” in these regulations, the capital market law and its implementing regulations, applies to “Real Estate Investment Fund that take the form of a special purposes entity” or vice versa where applicable.

Article 43: Custodian

The custodian of the Real Estate Investment Fund that takes the form of a special purposes entity applies to the provisions contained in Chapter (3) of these Regulations, in accordance with the nature of such entity.

Article 44: The Board of Directors of Special Purposes Entities Offering Investment units

The board of directors of Real Estate Investment Fund that takes the form of a special purposes entity shall be the fund’s board of directors and all the provisions related to the fund’s board of directors that are mentioned in these Regulations shall apply to it. In addition to the provisions in the Rules for Special Purposes Entities, where applicable.

Part 46
General Final Provisions

Article ~~25~~45: Waiver

The Authority may waive ~~the applicant for establishment of any Fund and offering of its unit from any of the provisions~~provision of these ~~regulations~~ if Regulations in whole or in part as it believes that applies to any person, either on an application from such waiver is in the interest of investors. person or on the Authority's own initiative

Article ~~26~~46: Right of Appeal

The Fund Manager may appeal to the Committee against any decision or action taken by the Authority pursuant to these Regulations.

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Part ~~5~~7
Publication and Entry into Force

Article ~~27~~47: Publication and Entry into Force

These Regulations shall become effective upon their publication date.

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Annex 1

Requirements of the Terms and Conditions of Real Estate Investment Public Fund

The Fund Manager should present the Terms and Conditions in a way that is comprehensible and easy to understand by investors. They should include the following Information pursuant to the same sequence set out in this Annex:

- a. Name and Type of the fund.
- b. Address of the head office of the Fund Manager and any website for obtaining any information about the fund or its Manager.
- c. Fund Period.
- d. Fund objectives.
- e. A description of the Fund's objectives and its investment objectives.
- f. A summary of the Fund's strategies to achieve its objective, which includes at least the Following:
 - 1) A description of real estate type (or types) the Fund will invest in.
 - 2) Any policy that may result in concentrating investment in a certain type of real estate assets or specific geographical region.
 - 3) Borrowing rights for the Fund and the Fund Manager's policies in using those rights.
 - 4) Methods and ways to invest the liquidity available in the fund.
- g. Risks of investing in the Fund.
 - 1) Setting out a description of the main risks related to investing in the Fund, which could affect the Fund's investments or any other circumstances that could affect the Fund's net assets value and its investment proceeds.
 - 2) Notifying that investment in the Fund does not guarantee profits and does not protect from losses.
 - 3) Establishing a risk classification for the fund.

(h) Subscription

- 1) Providing sufficient information on the subscription which includes subscription commencement and termination dates.
- 2) Stating the minimum limit of subscription.
- 3) Unitholders and the percentage of in-kind and cash contributions in the fund out of the total value of the fund's assets.
- 4) Disclosure of the utilisation details of the fund's offering proceeds.

(i) Fees, charges and commissions

1. A schedule representing all charges, commissions and management fees, whether they should be paid by the Unitholders or charged on the Fund's assets, including:

- a) 1) Fees and expenses of the board of directors.

- b) Any fee paid by Unitholders when purchasing or selling units in the Fund.
- c) ~~2)~~ Any management fees payable to the Fund Manager from the Assets of the Fund.
- d) ~~3)~~ Any payment for custody charges, or other services provided by the Custodian.
- e) ~~4)~~ Any fees paid to the auditor.
- f) ~~5)~~ Any commission resulting from loans to the Fund.
- g) ~~6)~~ Any charges related to registration of the Fund's units, or any other administrative service.
- h) ~~7)~~ Fees paid to the property manager (if any).
- i) Any other amount paid by Unitholders, or any amount deducted from the Fund's assets.
- j) ~~8)~~ Any early redemption fee collected from Unitholders.
- k) Ratio of fund costs to the fund's assets total value.
- l) All cases and situations where the Fund Manager has the right to waive or deduct any of the above mentioned fees should be stated.
- m) Disclosure of the mechanism for calculating all fees.
- n) A table containing the following:-
- a. Type of fee;
 - b. Imposed percentage, if any;
 - c. Imposed amount, if any;
 - d. Calculation method; and
 - e. Recurrence of the fee payment.
- o) A default table showing the ratio of fund costs to the total value of the fund's assets, at the fund and the unitholders level, during the life of the fund and that includes the ratio of recurring and non-recurring costs.
- p) A declaration from the fund manager stating that the fees mentioned in this paragraph include all fees imposed on the fund, and that it shall incur any other fees not stated herein.

(j) Evaluating the Fund's assets

Detailed description of the following must be stated:

- 1) Method of evaluating the Fund's assets.
- 2) Number and timing of evaluation.
- 3) Manner of announcing unit price.

(k) Trading of the Fund's units

- 1) Specifying the days of accepting order for subscription and redemption orders of the Fund's units.
- 2) Specifying the procedures for delivery of purchase or sale order of units.

(l) Termination and liquidation of the Fund

1. must state the Events that lead to ~~termination~~ Termination of the Fund ~~must be stated.~~

2. Must state whether accepting in-kind redemption is possible or not, with the fund manager's compliance to the Non-Saudis Real Estate Ownership and Investment Law.

3. In case of end of term of the investment fund, the fund manager may not take any fees deducted from the fund's assets.

(m) Fund's Board of Directors

- 1) Stating the names and qualifications of the members of the Fund's Board of Directors, and disclosing the name of the Independent Director.
- 2) The total remuneration expected to be paid to the Board members during the period of the Fund.
- 3) A description of the nature of services provided by the Fund's Board.
- 4) Stating any other investment Fund supervised by any of the Board members.

(n) Fund Manager

1) The name of the Fund Manager and its address.

2) A letter from the fund manager regarding the due diligence report, as set forth in Annex (6) of these Regulations

23) A declaration that the Fund Manager is an Authorized Person according to the Authorized Persons Regulations, with its authorization number and date.

34) A description of the services provided by all the Fund Manager's employees.

45) Any significant business activity or other interest for the Fund Manager's Board members or the Fund Manager, which could result in a conflict of interests with the fund's interest.

56) A description of any substantial conflict of interests that could affect the Fund Manager in performing his duties to the Fund.

67) Any functions or power related to the Fund's business delegated by the Fund Manager to a third party, with a detailed explanation of it.

78) A declaration whether the Fund Manager intends to invest in the Fund's units and the amount of such investment.

(o) Custodian

Name and address of the Custodian.

(p) Developer

Name and address of Developer.

(q) The Auditor

Name and address of the Independent Auditor.

(r) Financial statements

~~Providing a~~ Description of the financial statements in which will be provided to the unitholders, and provide a statement that the Fund's financial statements will be available to Unitholders without any charges, with a description of how to get them. The end of the Fund's financial year must also be specified.

(s) Dividend Policy

This section must include an explanation of the policy regarding the distribution of sale or rent proceeds of the real estate investment fund to the unitholder.

(ts) Conflict of Interests

A statement of the transactions which include any conflicts of interest.

(tu) Reporting to Unitholders

A description of the periodical reports provided to the Unitholders and the financial statements of the Fund, and how they will be provided to them.

(v) Fund Manager's Declarations

In addition to the declarations referred to in these Regulations and in Annex (8) of these Regulations, the fund manager must include all declarations related to the fund which may affect the decisions of investors for subscribing to the fund.

(uv) Other information

The inclusion of any significant information known (or supposed to be known) to the Fund Manager or Fund's Board at the time of issuing the Fund's Terms and Conditions.

(vw) Amendments to the Fund's Terms and Conditions.

A description of the procedures which will be followed for the notification of any amendments to the Fund's Terms and Conditions.

(zw) Governing Law

~~Providing a declaration~~ A statement that the Real Estate Investment Fund and the Fund's Terms and Conditions manager are subject to the Capital Market Law and its implementing regulations as well as other relevant laws and regulations applicable in the Kingdom of Saudi Arabia. and that the competent judicial body to consider any dispute arising as a result of investing in a real-estate investment fund is the Committee for Resolution of Securities Disputes.

Annex 2

Requirements for the Terms and Conditions of a Real Estate Investment Traded Fund

The fund manager shall deliver the terms and conditions of the fund in Arabic, and in a manner that is easy to understand and comprehend for unitholders and potential unitholders. The terms and conditions shall include the following information in agreement with the sequence described in this Annex:

Content of the Cover Page:

- 1) The name of the fund, indicating its class and type.
- 2) Name of fund manager.
- 3) Name of custodian.
- 4) Fund size.
- 5) The number of offered units, their total value, and its percentage to the fund size.
- 6) The following disclaimer:

"The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective subscribers of the units offered hereby should conduct their own due diligence on the accuracy of the information relating to the units. If you do not understand the contents of this document, you should consult an authorized financial advisor."
- 7) For a Shariah-compliant investment fund, the following statement shall be additionally stated:

"[Name of fund] has been certified as being Shariah compliant by the Shariah Board appointed for the investment fund."

- 8) A statement that the fund's terms and conditions shall be read in conjunction with the other documents of the investment fund.
- 9) Date of issuance of the fund's terms and conditions, and the last update, if any.
- 10) Date of the Authority's approval on the establishment of the Investment Fund and the offering of its units.

Contents within the Cover Page:

- 1) Table of Contents.
- 2) Glossary of terms used in the terms and conditions
- 3) Fund Manual.
- 4) Summary of the offer
- 5) Name and type of the fund.
- 6) Address of the head office and the website of the fund manager.
- 7) Fund duration, indicating any extension period, if any.
- 8) A description of the fund's purpose and objectives, with a clarification of the dividends distribution policy to the unitholders.
- 9) A summary of the fund's strategies to achieve its objective, which includes at least the following:
 - a) Description of the sector or sectors in which the fund will invest.
 - b) A detailed statement of the real estate assets to be owned.
 - c) A schedule of the following information for each real estate:
 1. The name of the real estate;
 2. The real estate owner(s) Information;
 3. real estate type;
 4. State / city;
 5. The neighborhood / street;
 6. Location map;

7. The land area;
 8. Building area (according to the building permit);
 9. Number of floors;
 10. Types and numbers of units;
 11. Occupancy rate of the real estate;
 12. Completion date of building (according to completion certificate);
 13. Cost of purchasing the real estate;
 14. Brief description of the current leases;
 15. Revenues for the last (3) years of the real estate, if any; and
 16. Any additional information.
- d) Any policy that may result in concentrating investment in a certain type of real estate assets or specific geographical region, provided that it includes a provision that includes the information on the deed of ownership of the real estate(s) subject in the investment, where applicable.
 - e) Previous and targeted rental proceeds for each real estate/usufruct.
 - f) Borrowing rights for the fund and the fund manager policy in the exercise of these rights.
 - g) Methods and ways to invest the cash available in the fund.
 - h) Disclosure of the utilisation details of the fund's offering proceeds.
 - i) Unitholders and the percentage of cash and in-kind contributions in the fund to the fund's net asset value.

10) Risks of investing in the fund

- a. Setting out a description of the main risks related to investing in the fund, which could affect the fund investments or any

- other circumstances that could affect the net assets of the fund and any investment proceeds; and
- b. A statement that investment in the fund does not guarantee profits and does not protect against losses.

11) Subscription

- a. Providing sufficient information on the subscription, including subscription and termination dates;
- b. A detailed statement of real estate owners intending to subscribe in the fund with in-kind contributions and their ownership percentage, in addition to a table stating the ownership percentage of all subscribers;
- c. A detailed statement of the fund manager's subscription amount in the fund during the offer period;
- d. A statement that includes an undertaking by the fund manager of his commitment to to the Non-Saudis Real Estate Ownership and Investment Law;
- e. A detailed statement of the minimum and maximum amount of subscription.
- f. The means of applying for subscription;
- g. A detailed explanation of the subscription method in the fund;
- h. A detailed explanation of the subscription method of minors and dependents in the fund;
- i. The mechanism that will be followed by the fund manager to allocate the units among subscribers;
- j. The mechanism of increasing the fund's total assets value by accepting in-kind contributions or cash contributions, or both, if any; and

- k. Set A timetable outlining the dates upon which is expected to start offering the units until the trading of such units.

12) Trading of the fund's units

- a. A statement specifying the procedures of trading the REIT units on the Exchange.
- b. The events that result in suspension of the fund and/or the cancelation of listing.

13) Dividend Policy

Without prejudice to sub-paragraph (2/b) of Article (38) of these Regulations, this section must include an explanation of the REIT's dividend policy regarding the distribution of its profits to the unitholders and maturity and distribution dates.

14) Termination and liquidation of the fund

- a. Statement of any events, which will result in the termination of the fund.
- b. Statement of information regarding the procedures followed to terminate and liquidate the fund, in addition to the liquidation timetable.

15) Fees, services charges, commissions and management expenses

- a. It must Include a detailed disclosure of all fees and charges that will be incurred by the fund's assets, by clarifying the amounts of fees and charges and their percentage of the total assets of the fund with indicating the maximum limit for all the charges and fees. It should also contain a table showing all fees, charges, commissions and management expenses,

whether paid by the unitholders or from the fund's assets, and shall include:

1. Fees and expenses of the board of directors.
2. Any charges imposed on the unitholders for subscription in the fund units.
3. Any charges paid to the fund manager from the fund's assets in for its management.
4. all custody services fees, or any other service provided by the custodian.
5. Fees paid to the external auditor.
6. Any commission resulting from loans made to the fund.
7. Any fees related to the registration of fund's units, or any other administrative service.
8. Fees paid to the property manager.
9. Any other payment made by the unitholders, or any amount deducted from the investment fund assets.
10. Ratio of fund costs to the fund's assets total value.

All cases or circumstances in which the fund manager has the right to waive or deduct any of the aforementioned requirements must be stated.

b. A table containing the following:

1. Type of fee;
2. Imposed percentage, if any;
3. Imposed amount, if any;
4. Calculation method; and
5. Recurrence of the fee payment.

c. A table containing a default investment of the unitholder.

- d. A declaration by the fund manager stating that the fees mentioned in this paragraph consist of all fees imposed on the fund, and he shall incur any other fees not stated herein.

16) Insurance

This section must include the assets that have been insured, the details of the insurance and the extent of its coverage.

17) The fund's assets

- a. A statement of registration mechanism of the fund's assets.
- b. A detailed statement of each:
 - 1. Names of the accredited valuers to the fund's assets.
 - 2. Method of assessing each asset owned by the fund
 - 3. Cost of assessment for each asset to be invested in.
 - 4. Number of assessments and their timing.
- c. Announcing the net assets value for each unit.
- d. A table indicating the following:
 - 1. Real estate subject to acquisition.
 - 2. Names of the accredited valuers.
 - 3. Date of each assessment report.
 - 4. Assessment cost for each real estate.
 - 5. Average assessment costs.
 - 6. Purchase price of each real estate.

18) Fund board

- a. Names of the Board members of the Fund and a statement of their qualifications, and a disclosure of the independent members in the fund board of directors.

- b. Details on the expected total remunerations to be paid to the fund board members during the period of the fund.
- c. Description of the nature of the provided services by the fund board.
- d. A statement of any other investment fund managed by any member of the fund's board.
- e. A declaration by the fund manager that all board members of the fund fulfill the following eligibility requirements:
 - 1) the member must not be bankrupt or subject to any bankruptcy or insolvency proceedings;
 - 2) the member must not have committed an offense involving fraud or acted in breach of integrity and honesty; and
 - 3) the member must possess the necessary experience and expertise.
- f. Declaration by the fund manager that the definition of an independent fund director in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority applies to the independent fund director.

19) Fund manager

- a. Name and address of the fund manager.
- b. A statement that the fund manager is an authorised person in accordance with the Authorised Persons Regulations, and the number and date of the authorization issued by the Authority.
- c. A letter from the fund manager regarding the due diligence report, as set forth in Annex (7) of these Regulations.
- d. Functions, duties and responsibilities of the fund manager.
- e. Provisions governing the removal/replacement of fund manager.

- f. Any other business activities or interests of the fund manager or its board members, that are of significance or could potentially conflict with those of the investment fund.
- g. Description of any conflict of interest that could potentially affect the fund manager in performing its duties toward the fund.
- h. Functions and powers that have been delegated to a third party by the fund manager related to the fund, with a detailed statement of such.
- i. Disclosure if the fund manager intends to invest in the fund's units, and the value of such investments.
- j. A summary on the fund manager, the fund manager's structure of assets management and the total assets value under its management. In addition to the number of public funds and their size and the number of the asset management employees.

20) Legal Advisor

A letter issued by the legal advisor, licensed to practice in the Kingdom, regarding the legal due diligence report, as set forth in Annex (10) of these Regulations.

21) Custodian

- a. Name of the custodian, address and the authorization number granted to it by the Authority.
- b. Functions, duties and responsibilities of the custodian.
- c. Functions related to the real-estate investment traded fund in which the custodian has appointed a sub-custodian.
- d. Provisions governing the removal/replacement of custodian.

22) The Property Managements

- a. The name of the company that carries out the property managements and its address.
- b. Statement of the property management company's tasks, duties and responsibilities.
- c. Disclosure of whether the company that carries out the property managements intends to invest in the fund's units, and the value of these investments.

23) Auditor

- a. The name and address of the auditor of the fund.
- b. A statement of the auditor's tasks, duties and responsibilities.

24) Financial Statements

A statement that indicates that the fund's financial statements will be available to unitholders free of charge and the means of obtaining them. Additionally, the fund's financial year-end date shall be indicated.

25) Conflict of Interest

Detailed disclosure of any conflict of interest in the fund, and including a statement indicating that the policies and procedures to be followed to resolve a case of actual and/or potential conflict of interest will be provided upon request free of charge.

26) Reporting to unitholders

Description of the periodic reports and financial statements that will be published and the means of publishing such reports and statements.

27) Meeting of unitholders

- a. Statement of the circumstances in which a meeting of unitholders is called.
- b. Statement of the procedures for calling a meeting of unitholders, and the minimum attendance number.
- c. Statement clarifying the manner in which unitholders would vote and their voting rights at the unitholders meetings.

28) A list of unitholders rights

A list that contains the rights of unitholders.

29) Other information

The inclusion of any significant information known (or supposed to be known) to the Fund Manager or Fund's Board at the time of issuing the Fund's Terms and Conditions.

30) Amending the fund's terms and conditions

A statement of the provisions governing changes of the fund's terms and conditions, and the specified approvals and notices under these Regulations.

31) The Fund Manager's Declarations

In addition to the declarations referred to in these Regulations and in Annex (9) of these Regulations, the fund manager must include all declarations related to the fund which may affect the decisions of investors for subscribing or trading in the fund.

32) Governing Laws

A statement that the real-estate investment traded fund and the fund manager are subject to the Capital Market Law and its Implementing Regulations as well as other relevant laws and regulations applicable in the Kingdom of Saudi Arabia, and that the competent judicial body to consider any dispute arising as a result of investing in a real-estate investment traded fund is the Committee for Resolution of Securities Disputes.

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Annex 3

Contents of Application for a Public Real-Estate Fund Units Establishment and Offering

This Annex clarify the documents that are required to be included in an application file for submission to the Capital Market Authority.

The application must include the following:

- a) Form (1) of this annex after it is being filed.
- ~~a)~~b) Type and purpose of the Fund, and proposed launch date.
- ~~b)~~c) Details regarding the Fund Manager's organizational structure, including a description of the investment decision making process by the fund manager, including the name and position of any registered persons involved in those decisions.
- d) The name of the Compliance Officer or names of members of the Compliance Committee.
- e) Review list of the documents submitted.
- ~~e)~~f) Providing a feasibility study of the Fund.
- g) Nominating a Developer to attain the Fund's purposes.
- ~~d)~~h) Any contracts entered into by the Fund Manager for the benefit of the fund, including those made with affiliates or third parties in relation to the fund.
- i) Draft of the fund's Terms and Conditions (with the fund's terms and conditions Checklist pursuant to annex (1) or annex (2) of these Regulations, whichever is applicable).
- j) The Fund's Terms and Conditions signed by Fund Manager's CEO and the Compliance Officer. This should be prepared according to Annex (1) or annex (2) of these regulations, whichever is applicable.
- k) Draft Information Memorandum (with the Disclosure Checklist).
- l) Funds board member photo ID.
- m) Subscription and Redemption Forms (where applicable).
- n) A detailed description of risk management policies and procedures for the relevant fund.
- o) A declaration from the fund manager regarding the existence of the administrative systems that will be adopted regarding the operational aspects related to the investment funds, including the compliance monitoring program for the related investment fund.
- p) a declaration from each accredited valuer confirming that he is complying with the Accredited Valuers Law and its Implementing Regulations and any other Regulations issued by the Saudi Authority for Accredited Valuers (TAQEEM), The fund manager declares that it has confirmed to the accredited valuer that the scope of work on evaluating

report must be appropriate for the purpose of the Fund Manager's application to the Saudi Stock Exchange and is valid for use for public offering and including the market rental value of the relevant income-generating real estate if it is different from the contractual rental value in the property leases the fund's units.

- q) Any other supporting documents.
- r) Fees.
- s) Electronic copies of all documents required under the above paragraphs.
- t) Required approvals from relevant government entities (where applicable).
- u) Submit any other requirement required by the Authority in accordance with the Capital Market Law and its implementing regulations.
- v) Application form is available for public at the official Capital Market Authority's website: www.cma.org.sa

Annex 4

Contents of Fund's Reports

Annual Reports must contain the following information:

- 1) Assets in which the fund is investing in.
- 2) Assets in which the fund is aiming to invest in, if any.
- 3) The percentage of the leased and unleased real estate to the total owned real estate, if any.
- 4) The percentage of rent amount for each asset in the total rent of the fund's assets.
- 5) Description of the fund's benchmark – where applicable – and the service provider's website (if any).
- 6) A comparative table covering the performance of the fund during the last (3) financial years (or since the establishment) including:
 - a. The fund net assets value at the end of each financial year.
 - b. The fund net assets value per unit at the end of each financial year.
 - c. Highest and lowest net asset value of the fund per unit for each financial year.
 - d. The number of units issued at the end of each financial year.
 - e. Income distribution per unit, if any.
 - f. the percentage of the fund's costs to the fund's total assets value
 - g. Results of comparing the fund's benchmark to the fund's performance.
 - h. Percentage of borrowed assets in the total asset value, their period for fulfilment and due date.
- 7) a performance record that covers the following:
 - a. The total revenue for (1), (3) and (5) years (or since establishment).
 - b. The annual total revenue for each of the last (10) financial years (or since establishment).
 - c. A table showing the fees, services and expenses incurred by the fund to third parties during the year. The total expenses percentage must also be clearly disclosed and if there are any circumstances, in which a Fund Manager may decide to waive or rebate any fees.
- 8) if there were fundamental or non-fundamental changes that occurred during the period and which affected the performance of the fund, these changes must be clearly disclosed.

9) the fund's annual report approved by the fund's board including, but not limited to, the topics discussed and issued resolutions, including the fund's performance and fund's achievement of its objectives.

10) a statement regarding any special commission received by the fund manager during the period, clearly identifying its nature and the manner in which they were utilized.

11) a risk assessment report.

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Annex 5

Contents of The Semi-Annual/Quarterly Statement

The semi-annual statement for real-estate funds and the quarterly statement for REITs must contain the following information, as a minimum:

- 1) the unit price at the end of the half or quarter in accordance with the last valuation. Which is each of the unit's trading price in the Exchange (closing price), and the net asset value of the unit in the fund at the end of the relevant half or quarter, calculated by subtracting the total liabilities of the fund from its total assets and dividing the result by the number of fund units
- 2) the rental income on the unit price, if an, It is the Fund's net income from its investment in income-generating real estate only during the relevant quarter to the market value of the units.
- 3) the expense ratio and percentage of total fees and charges. incurred by the fund and its ratio of the most recent value of the total assets of the fund, in addition to the cap limit of expenses, by the end of the relevant half or quarter
- 4) The performance of the unit price in the Exchange (closing price) during the relevant half or quarter, in addition to the net asset value per unit in the fund for the same period.
- 5) a list of names of all real-estates consisting the fund's portfolio, and the percentage of the value of each property in the total assets, in addition to the occupancy percentage for each property as at the end of the relevant half or quarter.
- 6) the fund's total assets value.
- 7) the percentage of borrowing to the fund's net assets value, period for fulfillment and due date.

- 4)8) the fund units net assets value.
- 2)9) the percentage of the fund's costs to the fund's total assets value.
- 10) any fundamental or non-fundamental changes that affects the fund's function during relevant half or quarter (where applicable).
- 11) a statement on the fund's dividends distributed to the unitholders, if any; by including the semi-annual or the quarterly statement with details as follows:
- a) Total profits distributed in the relevant half or quarter.
 - b) The number of existing units for which distributions have been made during the relevant half or quarter.
 - c) The value of the profit distributed during the relevant half or quarter for each unit.
 - d) The percentage of distribution from the net asset value of the fund; and
 - e) Eligibility for cash dividends distributed during the relevant half or quarter.
- In addition to the above mentioned, the fund manager must disclose the previous sale or rent proceeds distributions for the same half or quarter of the previous year. Such disclosure shall enable the unitholders to view the fund's distributions and their number and size.
- 12) any profit paid after the last disclosed report, meaning details of any profits paid during the relevant half or quarter

Annex 6

Form of a Real Estate Investment Fund Manager's Letter

[To be provided on the Fund Manager's letterhead]

To: The Capital Market Authority

In our capacity acting as the fund manager of (name of the fund) in respect of offering a Real Estate Investment Fund under the name (name of the fund), and registering and listing its units in the Saudi Stock Exchange, we, (name of the fund manager) confirm, to the best of our knowledge, and through conducting due diligence and making enquiries of the fund, that the fund has satisfied all conditions required for registration and listing of its units and has satisfied all other matters required by the Capital Market Authority (the "Authority") as of the date of this letter. (name of the fund manager) further confirms that it has, to the best of its knowledge and within its capacity as fund manager, provided to the Authority any information or clarifications in such form and within such time limit as the Authority required for the purpose of verifying whether (name of the fund manager) and the fund have complied with the Capital Market Law and the Real Estate Investment Funds Regulations.

In particular, (name of the fund manager) confirms that:

- It has provided all the relevant services required by the Real Estate Investment Funds Regulations; with due diligence and experience.
- It has taken reasonable steps to ensure that the directors of the fund understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.

- It has come to a reasonable opinion, based on due enquiries and professional experience, that:
 - The fund has satisfied all relevant requirements in the Real Estate Investment Funds Regulations (including provisions regarding the terms and conditions).
 - All nominated members of the fund's board of directors satisfy the eligibility requirements set out in the Authority's Rules and Regulations, and that the independent fund director satisfy the definition of the independent fund director as provided in Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.
 - The real estate assets are free of any regulatory violations that prevent or may result in the non-utilization of the building, and or that may in turn cause costly repairs and major changes.
 - All matters known to (name of the fund manager) which must be taken into account by the Authority when considering the application for offering that have been disclosed to the Authority.

Annex 7

Form of a Real Estate Investment Traded Fund Manager's Letter

[To be provided on the Fund Manager's letterhead]

To: The Capital Market Authority

In our capacity acting as the fund manager of (name of the fund) in respect of offering a REIT Fund under the name (name of the fund), and registering and listing its units in the in the Saudi Stock Exchange (Tadawul), we, (name of the fund manager) confirm, to the best of our knowledge, and through conducting due diligence and making enquiries of the fund, that the fund has satisfied all conditions required for registration and listing of its units and has satisfied all other matters required by the Capital Market Authority (the "Authority") as of the date of this letter. (name of the fund manager) further confirms that it has, to the best of its knowledge and within its capacity as fund manager, provided to the Authority any information or clarifications in such form and within such time limit as the Authority required for the purpose of verifying whether (name of the fund manager) and the fund have complied with the Capital Market Law, the Real Estate Investment Funds Regulations.

In particular, (name of the fund manager) confirms that:

- It has provided all the relevant services required by the Real Estate Investment Funds Regulations, with due diligence and experience.
- It has taken reasonable steps to ensure that the directors of the fund understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.

- It has come to a reasonable opinion, based on due enquiries and professional experience, that:
 - The fund has satisfied all relevant requirements in the Real Estate Investment Funds Regulations (including provisions regarding the terms and conditions).
 - All nominated members of the fund's board of directors satisfy the eligibility requirements set out in the Authority's Rules and Regulations, and that independent fund director satisfy the definition of the independent fund director as provided in Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority.
 - The real estate assets are free of any regulatory violations that prevent or may result in the non-utilization or operation of the building, and that the assets are technically intact and free of any major engineering faults or defects that may prevent or may result in the non-utilization or operation of the building, or that may in turn cause costly repairs and major changes.
 - The main activities of the main potential tenants of real estate assets are intact, and they are able to fulfil their obligations to the fund,
 - All matters known to (name of the fund manager) which must be taken into account by the Authority when considering the application for offering that have been disclosed to the Authority.

Annex 8

The Real-Estate Fund Manager's Declarations

- 1- The Fund Manager declares that the terms and conditions of the "Fund Name" have been prepared in accordance with the Real Estate Investment Funds Regulations issued by the Capital Market Authority of Saudi Arabia.
- 2- The fund manager declares, after making all reasonable inquiries and to the best of its knowledge and belief, that there are no other facts that the non-inclusion of which in this document may result from any statement contained herein as misleading. The Capital Market Authority and the Saudi Stock Exchange Company shall not be liable for the content of the terms and conditions.
- 3- The fund manager declares that the property is free of any regulatory violations that prevent or may result in the non-utilization or operation of the building, and that the assets are technically intact and free of any major engineering faults or defects that may prevent or may result in the non-utilization or operation of the building, or that may in turn cause costly repairs and major changes.
- 4- The fund manager declares that there is no direct / indirect conflict of interests (other than what is disclosed) between any of the following:
 - ◄ Fund manager.
 - ◄ Manager(s) of properties associated with the fund.
 - ◄ Owner(s) of properties associated with the fund.
 - ◄ Tenant(s) of Real estate assets which their returns constitute 10% or more of the annual rental income of the fund.
 - ◄ Accredited valuer.

- ◀ Developer.
- ◀ Engineering Office.

- 5- The fund manager declares that it took the necessary care to ensure that there is no direct / indirect conflict of interest between the property seller and the accredited valuers.
- 6- The fund manager declares that all members of the fund board of directors have not been subjected to any bankruptcy or insolvency claims or any bankruptcy or liquidation proceedings, nor have they committed any fraudulent, dishonest or deceitful acts. In addition to not having performed any violation involving fraud, deceit or dishonesty. The fund manager further declares that they have the necessary skills and experience to qualify as board members.
- 7- The fund manager declares that the definition of the independent director included in the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority apply to the independent fund director , and that it will be applicable to any independent fund director appointed by the fund manager throughout the period of the fund.
- 8- The fund manager declares that no other significant business activities or other interests for the fund manager's board of directors, which is likely to conflict with the interests of the fund.
- 9- The fund manager declares that there are no conflict of interest that would affect the fund manager in the performance of its duties for the fund.
- 10- The fund manager declares that there are no fees other than those mentioned in the Fees and Expenses section mentioned in the terms and conditions.
- 11- The fund manager declares that the fund will only be listed upon the completion of the transfer of ownership of the real estate in

favor of the fund or the transfer of its interest. If this is not completed after completion of the offer period specified in the terms and conditions, the full subscription amount will be returned to the investors.

12- The fund manager declares that no member of the board of directors may have a direct or indirect interest in the business and contracts made for the fund.

13- The fund manager declares that all contracts and agreements relating to the fund which may affect the investors' decisions to subscribe or trade in the fund have been disclosed in the terms and conditions, and that there are no contracts and agreements other than those mentioned in the terms and conditions.

14- The fund manager declares that unitholders are entitled to vote on matters raised at meetings of unitholders. In addition, the approval of a fundamental change to the fund shall be passed by obtaining the approval of the majority unitholders (owning more than 50% of the total units), holders of which are attending fundamental changes include the following:

- Significant change in the fund's objectives nature or type;
- A change that may have a material adverse effect on the unitholders or their rights with respect to the closed-ended fund;
- Change that may have an effect on the risk position of the fund;
- The voluntary withdrawal of a fund manager from its position as the fund manager.
- Any change that would reasonably cause the unitholders to reconsider their participation in the closed-ended fund;

- A change that materially increases the total of payment out of the assets of the closed-ended fund.
- change in the eligibility date or the termination of the closed-ended fund.
- Any increase of the net assets value of the closed-ended fund as a result of accepting in-kind or cash contributions or both.
- Any other cases determined by the Authority from time to time and notifies the fund manager of them.

15- The fund manager declares that it will take all necessary steps in the benefit of the unitholders to the best of its knowledge and belief with due diligence and reasonable consideration. The fund manager, directors, officers, employees, agents, consultants, affiliates, custodian, shariah advisor and board of directors shall exercise reasonable diligence and effort and act in good faith in order to meet the interests of the unitholders. If the fund, however, is subject to loss in any way, in the event of any unintentional action by any of the aforementioned parties in connection with the management of the fund, then such parties shall not be held liable for such loss provided that they have acted in good faith and in a manner serving the interest of the fund. Good faith shall be proved in the absence of any conduct, decision or correspondence indicating prior knowledge of the negative consequences of such conduct. Moreover, such act shall not involve gross negligence, fraud or deliberate misconduct.

16- The fund manager declares that it has confirmed to the accredited valuer that the scope of work on evaluating report must be appropriate for the purpose of the Fund Manager's application to the Saudi Stock Exchange and is valid for use for public offering

and including the market rental value if it is different from the contractual rental value in the property leases the fund's units.

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Annex 9

The Real Estate Investment Treaded Fund Manager's Declarations

- 1- The Fund Manager declares that the terms and conditions of the "Fund Name" have been prepared in accordance with the Real Estate Investment Funds Regulations issued by the Capital Market Authority of Saudi Arabia.
- 2- The fund manager declares, after making all reasonable inquiries and to the best of its knowledge and belief, that there are no other facts that the non-inclusion of which in this document may result from any statement contained herein as misleading. The Capital Market Authority and the Saudi Stock Exchange Company shall not be liable for the content of the terms and conditions.
- 3- The fund manager declares that the property is free of any regulatory violations that prevent or may result in the non-utilization or operation of the building, and that the assets are technically intact and free of any major engineering faults or defects that may prevent or may result in the non-utilization or operation of the building, or that may in turn cause costly repairs and major changes.
- 4- The fund manager declares that there is no direct / indirect conflict of interests (other than what is disclosed) between any of the following:
 - ◀ Fund manager.
 - ◀ Manager(s) of properties associated with the fund.
 - ◀ Owner(s) of properties associated with the fund.
 - ◀ Tenant(s) of Real estate assets which their returns constitute 10% or more of the annual rental income of the fund.
 - ◀ Accredited valuer.

- 5- The fund manager declares that it took the necessary care to ensure that there is no direct / indirect conflict of interest between the property seller and the accredited valuers.
- 6- The fund manager declares that all members of the fund board of directors have not been subjected to any bankruptcy or insolvency claims or any bankruptcy or liquidation proceedings, nor have they committed any fraudulent, dishonest or deceitful acts. In addition to not having performed any violation involving fraud, deceit or dishonesty. The fund manager further declares that they have the necessary skills and experience to qualify as board members.
- 7- The fund manager declares that the definition of the independent included in the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority apply to the independent fund director, and that it will be applicable to any independent fund director appointed by the fund manager throughout the period of the fund.
- 8- The fund manager declares that no other significant business activities or other interests for the fund manager's board of directors, which is likely to conflict with the interests of the fund.
- 9- The fund manager declares that there are no conflict of interest that would affect the fund manager in the performance of its duties for the fund.
- 10- The fund manager declares that there are no fees other than those mentioned in the Fees and Expenses section mentioned in the terms and conditions.
- 11- The fund manager declares that the fund will only be listed upon the completion of the transfer of ownership of the real estate in favor of the fund or the transfer of its interest. If this is not completed after completion of the offer period specified in the

terms and conditions, the full subscription amount will be returned to the investors.

12- The fund manager declares that no member of the board of directors may have a direct or indirect interest in the business and contracts made for the fund.

13- The fund manager declares that all contracts and agreements relating to the fund which may affect the investors' decisions to subscribe or trade in the fund have been disclosed in the terms and conditions, and that there are no contracts and agreements other than those mentioned in the terms and conditions.

14- The fund manager declares that unitholders are entitled to vote on matters raised at meetings of unitholders. In addition, the approval of a fundamental change to the fund shall be passed by obtaining the approval of the majority unitholders (owning more than 50% of the total units), holders of which are attending fundamental changes include the following:

- Significant change in the fund's objectives, nature or type;
- A change that may have a material adverse effect on the unitholders or their rights with respect to the closed-ended fund;
- Change that may have an effect on the risk position of the fund;
- The voluntary withdrawal of a fund manager from its position as the fund manager.
- Any change that would reasonably cause the unitholders to reconsider their participation in the closed-ended fund;
- A change that materially increases the total of payment out of the assets of the closed-ended fund.

- A change in the eligibility date or the termination of the closed-ended fund.
- Any increase in the net assets value of the closed-ended fund as a result of accepting in-kind or cash contributions or both.
- Any other cases determined by the Authority from time to time and notifies the fund manager of them.

15- The fund manager declares that it will take all necessary steps in the benefit of the unitholders to the best of its knowledge and belief with due diligence and reasonable consideration. The fund manager, directors, officers, employees, agents, consultants, affiliates, custodian, shariah advisor and board of directors shall exercise reasonable diligence and effort and act in good faith in order to meet the interests of the unitholders. If the fund, however, is subject to loss in any way, in the event of any unintentional action by any of the aforementioned parties in connection with the management of the fund, then such parties shall not be held liable for such loss provided that they have acted in good faith and in a manner serving the interest of the fund. Good faith shall be proved in the absence of any conduct, decision or correspondence indicating prior knowledge of the negative consequences of such conduct. Moreover, such act shall not involve gross negligence, fraud or deliberate misconduct.

~~16-~~ The fund manager declares that it has confirmed to the accredited valuer that the scope of work on evaluating report must be appropriate for the purpose of the Fund Manager's application to the Saudi Stock Exchange and is valid for use for public offering and including the market rental value if it is different from the contractual rental value in the property leases the fund's units.

Annex 10

Form of a Real Estate Investment Traded Fund's Legal Advisor's Letter

[To be provided on the legal advisor's letterhead]

To: The Capital Market Authority

We, acting as legal advisor to (-----) [name of the fund manager] "Fund Manager" in respect of the fund manager's request to offer REIT funds units and list them in the in the Saudi Stock Exchange (details of the REIT). We further refer to the Terms And Conditions prepared in relation with the fund [details of the offer], and more specifically, in connection with the application submitted to the Capital Market Authority (the "Authority") for the offer of REIT fund's units and listing them in the Exchange, and in line with the requirements of the Capital Market Law, the Real Estate Investment Funds Regulations, we particularly advised the fund manager of the requirements that should be included in the legal sections of the terms and conditions, the fulfillment of the assets to all regulatory requirements and the soundness of the title deeds of such assets in possession. In this respect, we have carried out such further review and enquiries as we consider appropriate in the circumstances.

In this advisory capacity, we confirm that we are not aware of any material matter consisting a violation by the fund manager toward its compliance with the requirements of the Capital Market Law or any conditions required under Real Estate Investment Funds Regulations, in relation to the offering and listing of the units of a Real-Estate Investment Traded Fund application, including the requirements of the content of the terms and conditions as is at the date of this letter.

Annex 11

Approvals and Notifications Submitted To the Authority

Approvals Requests and notifications must be submitted in the manner specified by the Authority, according to the following:

a. Approvals and notifications that require changes in the Fund's documents:

- 1) Fund's name.
- 2) The subject of the notice.
- 3) Detail the current version and the proposed amendment and detailed justifications for such change.
- 4) If the change requires the consent of parties other than the fund manager, their consent must be taken before sending the request, with referring to that in the request sent to the Authority.
- 5) Declaration of the fund manager that the proposed change does not conflict with the investment funds regulations and other regulations and any applicable Law in the Kingdom.
- 6) Any other documents in support of the request.

b. Approval and notifications that do not require changes in the Fund's documents:

- 1) name of the Fund.
- 2) the subject of the notice.
- 3) If the change requires the consent of parties other than the fund manager, their consent must be taken before sending the request, with referring to that in the request sent to the Authority.

c. Notices relating to the end of the offering:

- 1) the name of the Fund.
- 2) the subject of the notice.
- 3) the date of the end of the offering.

4) the amount collected (in SAR).

5) Date of fund operation.

d. Notification on the end of the liquidation of the Fund:

1) the name of the Fund.

2) the date of the distribution of investment amounts to unitholders.

3) the return on investment as a percentage (where applicable).

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Annex 12

Fund Termination Report

Fund termination reports are used to provide relevant information periodically regarding the course of the investment fund's termination until liquidation.

The fund termination and liquidation report must contain all the information required under this Annex.

The report must contain latest update on the termination and liquidation of the fund, at least the information required under paragraph (c) of this Annex.

Content of the fund reports:

a) Investment fund information:

1. Name of the investment fund.
2. Investments objectives and policies and practices
3. A statement that the fund's Reports are available upon request free of charge.
4. Number of the fund's units at establishment.

b) Fund performance (including liquidation period):

1. Net assets value of the fund at the end of each financial year.
2. Net assets value upon liquidation.
3. Net assets value of the fund per unit at the end of each financial year.
4. Net assets value of the fund for each unit upon liquidation.
5. Highest and lowest net asset value per unit for each financial year.
6. The number of units in issue at the end of each financial year.
7. Income distribution per unit (gross and net).
8. The total return for 1 year, 3 years and 5 years (or since inception).
9. The annual total return for each year of the last 10 financial years (or since inception).
10. Expenses percentage for each year.
11. a table showing actual fees and fund expenses paid by the investment fund during the year. The Total Expense Ratio should also be clearly disclosed. If there are any circumstances in which a fund manager may elect to waive or rebate any fees, this must also be disclosed.

c) Liquidation process information:

1. Name and address of the fund manager.

2. Name and address of the fund sub-manager and/or investment advisor (if any).
3. Reasons for liquidating the fund.
4. Name of liquidator (if any).
5. Date of commencing liquidation.
6. Estimated date for the completion of liquidation.
7. Number of fund units.
8. Description of the liquidation process and its latest updates.
9. Any material events occurring during the liquidation period.

d) The custodian:

1. Name and address of the custodian.
2. Brief description of its duties and responsibilities.

e) Name and address of the auditor.

f) Financial statements:

The final financial statements of the investment fund must be prepared in accordance with SOCPA standards.