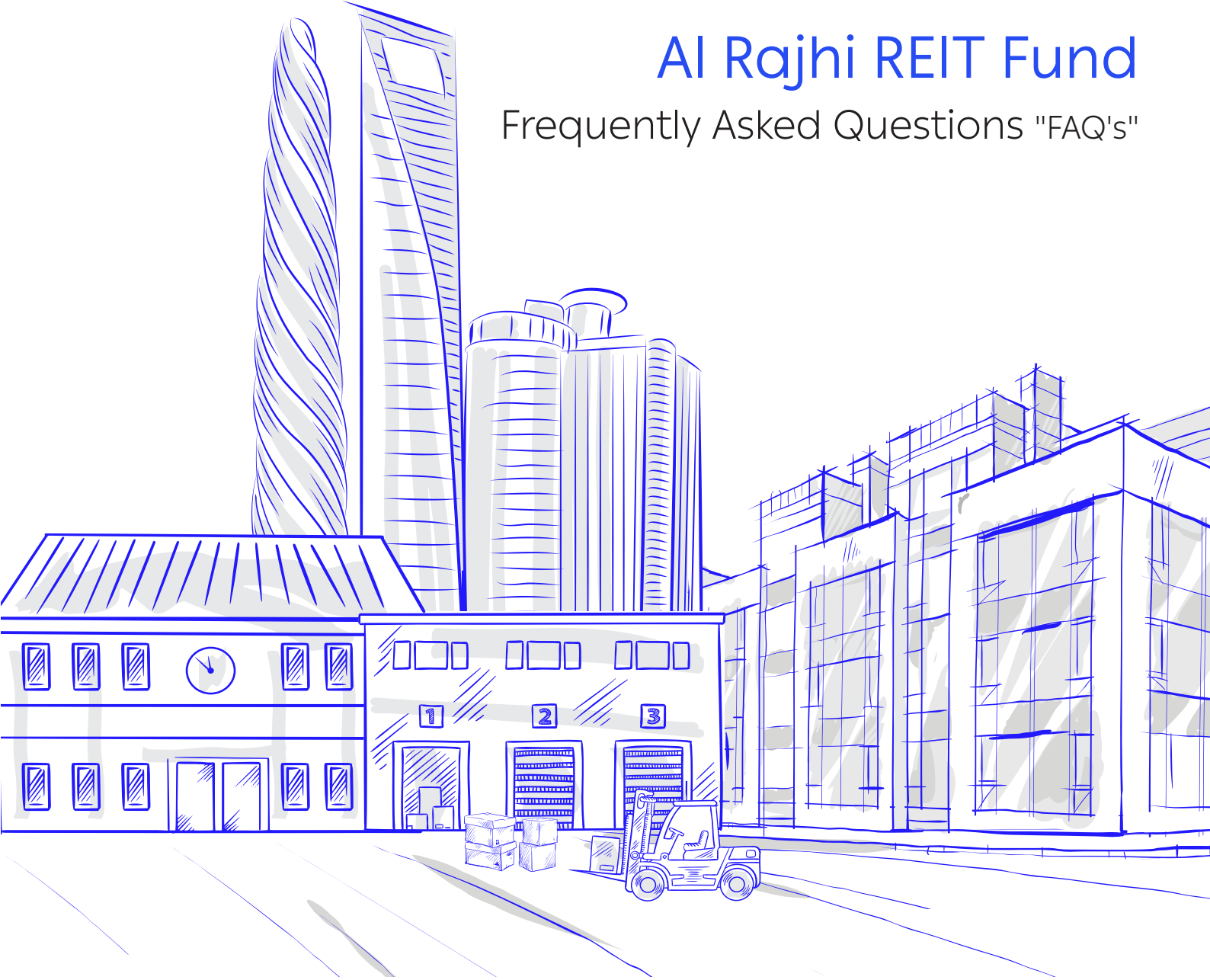


# Al Rajhi REIT Fund

## Frequently Asked Questions "FAQ's"



## 1. Who is the fund manager?

Al Rajhi Capital, a Saudi closed joint stock company (Commercial Registration No.: 1010241681), with paid up capital of SAR 500,000,000, licensed by the Capital Market Authority in the Kingdom of Saudi Arabia under License No. 07068-37 dated 25/06/2007, telephone: +966920005856, Email: CustomerService@Alrajhi-Capital.com. The company started its activity on 03/18/2008, providing asset management, brokerage and investment banking services through (Dealing as Principal, Agent and Underwriter, Managing Investment Funds and Discretionary Portfolios, in addition to Arranging, Advising and Custody).

## 2. What is the fund's type?

Al Rajhi REIT Fund is a real estate investment traded fund (REIT) whose diversified portfolio is comprised of properties distributed across multiple sectors inside the Kingdom.

## 3. How long is the fund period?

99-year term since its inception.

## 4. What is the size of the investment fund before and after offering?

The fund's assets amounted to SAR 2,191,441,201 as of the end of 06/30/2022. It is expected that the size of the fund's assets after the completion of the offering and the increase in the fund's assets will be approximately SAR 3,203,821,911.

## 5. What is the total amount for subscription?

The total amount for subscription by public is SAR 1,012,380,710, yet the fund manager may subscribe in, to maintain his percentage of ownership in the fund.

## 6. What is the objective of the Fund?

**To realize periodic cash dividends, for investors, generated from the fund investment in real estate assets inside and outside the Kingdom of Saudi Arabia. The fund also aims to grow the total value of the fund's assets through:**

- A. Reinvesting the undistributed earnings (which is the remaining amount of the fund's income after the distribution of at least 90% of the fund's net profit as per the REIT Regulation, excluding real estate generated profits and other unitholders' investments) and revenues generated from the sale of investments in real estate investment assets in the interest of the unitholders, provided that the exception period shall not exceed 6 months since the sale date. The fund manager shall, after the expiry of the exception period, distribute these dividends if they are not used or invested, following the distribution of at least 90% of its net profit to the unitholders;
- B. The potential increase in the value of the fund's assets which is resulting from long-term revenue improvements.
- C. Better utilization of underutilized properties.

## 7. What categories are allowed to subscribe?

Subscription in units is available only to the following categories:

- A. Natural persons of Saudi nationality or the nationality of a member state of the Gulf Cooperation Council (GCC);
- B. Establishments, companies, investment funds and other legal entities existing in Saudi Arabia and other GCC states;
- C. Foreign residents in Saudi Arabia;
- D. Eligible foreign investors under the relevant organizing rules mentioned in the terms and conditions of the fund.
- E. Other investors permitted by the CMA to possess securities listed on Tadawul.

## 8. What is the weighted average unexpired lease term (WAULT) of this fund?

Approximately from 7 years prior to offering to 8.5 years after offering to attain better perception for investors about the future cash flows with the scheduled escalation in rents.

## 9. When will the fund be offered for subscription, and for how long?

The offering period started from 17/05/2023 for 10 working days.

## 10. Is the fund entitled to credit facilities?

Yes, the fund is entitled to Sharia-Compliant facilities.

## 11. What is the mechanism of dividends?

Quarterly dividends.

## 12. What is the value of the unit price for the additional offering in Al Rajhi REIT Fund?

SAR 8.9

## 13. How much is the fund subscription fee?

No subscription fee for the second additional offering.

## 14. What is the mechanism for buying and selling units after being listed?

Cash holders may directly buy and sell units after being listed through their investment accounts via Tadawul.

## 15. What is the supervisory authority for the fund?

The fund is supervised by CMA.

## 16. What is the minimum amount for subscription in the fund?

1 unit is the minimum amount for subscription in the fund.

## 17. Is there an upper limit for subscription in the fund?

There is no maximum amount for subscription in the fund.

## 18. When will the unit allocation and the surplus refund be announced?

in 15 working days (max) starting from the end date of the offering period.

## 19. What channels through which investors may subscribe in the fund?

Individual investors may subscribe through Receiving Banks Channels (Al Rajhi Bank, Al Rajhi Capital, Riyad Bank, Alinma Bank, Arab National Bank, AlJazira Capital, Banque Saudi Fransi). On the other hand, Corporate investors, investment funds and investment portfolios may subscribe through one of the branches of Al-Rajhi Capital.

## 20. How much is the purchase price for each property?

- **Riyadh Avenue:** 465,000,000 SR (Excluding Brokerage fees & RETT)
- **Al Henaki Building:** 465,000,000 SR (Excluding Brokerage fees & RETT)

## 21. How much is the tax on real estate transactions?

- **Riyadh Avenue:** SAR 23,250,000
- **Al Henaki Building:** SAR 23,250,000

## 22. How much will be charged for commission rate?

- **Riyadh Avenue (%0.8):** SAR 3,720,000
- **Al Henaki Building (%2.5):** SAR 11,625,000

## 23. Does the Fund pay Zakat?

No, but the Zakat due amount for each unit is mentioned in the annual report.

**Below is an example out of the annual report for 2021:**

- In the case of Mudaraba- the Mudarib aims to profit from the difference of selling and buying prices. The zakat on each unit differs according the difference of the investment periods, hence the Mudarib shall pay Zakat on each unit according to the Zakat of trading goods. Due to the variation of the total market value of the units owned by investors in the fund, it is difficult to determine Hawl (lunar year) for each investor individually, resulting in difficulty in calculating Zakat due amounts payable by each Mudarib on the fund units. Therefore, each investor shall separately pay its Zakat rate according to the Zakat of trading goods which is 2.5% of the average market price of the investment units owned on the day Zakat is due.
- In the case of investment (i.e. long-term investment) – the investor holds the units for a period of time to benefit from the returns realized by these units. The investor shall consider, at the time of Zakat being due, not only the variations of investment periods but also the zakatable assets and what they represent in the units possessed. Due to the variation in the periods of the unit's acquisition (from one unitholder to another), it is difficult to determine the Hawl for each investor individually, resulting in difficulty in calculating zakat on the fund units. Therefore, each investor shall separately pay its Zakat rate once the Hawl has passed which is 2.5% of the total zakatable assets in the units possessed on the day Zakat is due. Each investor, who invests in the funds units, may calculate its Zakat rate\* by one of the following formulas (according to the half-year for which Zakat become payable by the unitholder):

Year	Period	Zakat Rate on Each Unit
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2022	End of the first half of 2022	SAR 0.012
	End of the second half of 2022	SAR 0.009
2021	End of the first half of 2021	SAR 0.005
	End of the second half of 2021	SAR 0.007
2020	None	None
2019	None	None
2018	End of the 2018	SAR 0.0083

\* Ensure that the value for the total units owned by a unitholder (plus the other funds, which fall under trade goods, gold, or silver, that the same unitholder possesses) has reached Nisab for Zakat.

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