

Resolution No. (8) of 2012
of CMA Board of Commissioners Regarding Regulations for Investment
In Real Estate Funds

Having Perused:

- Law No. (7) of 2010 regarding the Establishment of Capital Markets Authority “CMA” and Regulating Securities' Activity; and
- Executive Bylaw of Law No. (7) of 2010 issued on 03.03.2011, and amendments thereto; and
- Resolution of CMA Board of Commissioners passed in its meeting No.(15) of 2012 held on 27.06.2012 regarding its approval of the regulations for investment in real estate Funds,

The Following Was Resolved

Article (1): Issuance of regulations for investment in the real estate funds is as follows:

Definitions

Real Estate Investment Fund: a mutual real estate investment scheme that aims to make available the opportunity for its units' holders to collectively share the fund returns.

Fund's Related Parties: the fund manager or any of associates or subsidiaries, members of the fund's board of directors, members of the fund manager's board of directors, any of the executive directors or the employees of the fund manager or any of their relatives until the second degree with any of the aforesaid parties, the fund custodian, the fund investment controller, real estate valuer, the fund's or the fund manager's auditor, units holder holding above 5% of the real estate fund's net asset value or any person associated with, or controlling, any of the above mentioned person.

Investment Regulations

Real estate investment funds publicly offered are subject to the following terms and regulations:

First: Rules and Regulations for Real Estate Fund Investment

1. The fund may not invest above 10% of its net asset value in securities, and it shall be without prejudice to the fund's Articles of Association.
2. The fund may invest maximum 15% of its net asset value in other real estate funds without prejudice to the fund's Articles of Association and the proclaimed regulations.
3. The fund investments may not exceed, directly or indirectly, in a single real estate upon contracting 30% of its net asset value.

4. Not to borrow or enter into transactions that may give rise to liabilities over 40% of its net asset value whether directly or indirectly to the investment in real estate only.
5. The fund manager shall disclose any indirect debts on the portfolios or companies in which the fund invested for the purpose of possessing real estate.
6. Not to borrow or enter into transactions that may give rise to liabilities above 10% of the fund's net asset value to cover the redemption applications only. In all cases, borrowing shall not exceed 40% of the fund's net asset value.
7. The fund may not purchase real estate from, or sell properties to the fund's related parties prior to obtaining approval of the fund's board of directors and the CMA.

Saleh Mubarak Al-Falah

Chairman, CMA Board of Commissioners

Issued on 8 / 7 / 2012