Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation.]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*.]]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealer], so far as each of the Trustee and Dar Al-Arkan is aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Managers/Dealer] and [their/its] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, Dar Al-Arkan and its affiliates in the ordinary course of business for which they may receive fees - *Amend as appropriate if there are other interests*.]

4. [PROFIT OR RETURN *(Fixed Periodic Distribution Certificates only)*

Indication of profit or return:	The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]

5. OPERATIONAL INFORMATION

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(iv)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	Names and addresses of additional Agent(s) (if any):	[ ]

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the Terms and Conditions of the Certificates which (subject to modification and except for the text in italics) will be endorsed on each Certificate in definitive form issued under the Programme and will apply to each Global Certificate.

Dar Al-Arkan Sukuk Company Ltd. (in its capacities as issuer and trustee, the **Trustee**) has established a programme (the **Programme**) for the issuance of up to U.S.$2,000,000,000 in aggregate face amount of trust certificates. In these Terms and Conditions (the **Conditions**), references to Certificates shall be references to the trust certificates which are the subject of the applicable Final Terms and references to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Certificate. Certificates issued under the Programme are issued in series (each a **Series**). The expression Prospectus Regulation means Regulation (EU) 2017/1129.

Each of the Certificates will represent an undivided ownership interest in the Trust Assets (as defined in Condition 4.1) which are held by the Trustee on trust (the Trust) for, *inter alia*, the benefit of the registered holders of the Certificates pursuant to (i) an amended and restated Master Trust Deed (the **Master Trust Deed**) dated 12 September 2019 and made between the Trustee, Dar Al-Arkan Real Estate Development Company (**Dar Al-Arkan**) and Deutsche Trustee Company Limited (the Delegate which expression shall include any co-Delegate or any successor) and (ii) a supplemental trust deed (the **Supplemental Trust Deed** and, together with the Master Trust Deed, the **Trust Deed**) dated the Issue Date and made between the parties to the Master Trust Deed.

Payments relating to the Certificates will be made pursuant to an amended and restated agency agreement dated 12 September 2019 (the **Agency Agreement**) made between the Trustee, the Delegate, Dar Al-Arkan, Deutsche Bank AG, London Branch in its capacities as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression shall include any successor and, together with any further or other paying agents appointed from time to time in accordance with the Agency Agreement, the **Paying Agents**, which expression shall include any successors) and calculation agent (in such capacity, the **Calculation Agent**, which expression shall include any successor) and Deutsche Bank Luxembourg S.A. in its capacities as a registrar (in such capacity, the Registrar, which expression shall include any successor) and as transfer agent (in such capacity and together with the Registrar, the **Transfer Agents**, which expression shall include any successors). The Paying Agents, the Calculation Agent, the Registrar and the Transfer Agents are together referred to in these Conditions as the **Agents**.

Words and expressions defined in the Trust Deed and the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between any such document and the applicable Final Terms, the applicable Final Terms will prevail. In addition, in these Conditions:

(a) any reference to face amount shall be deemed to include the relevant Dissolution Amount (as defined in Condition 8.1), any Certificateholder Put Option Repurchase Amount, any Change of Control Repurchase Amount, any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 6.2)) which may be payable under Condition 11, and any other amount in the nature of face amounts payable pursuant to these Conditions;

(b) any reference to Periodic Distribution Amounts shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 11 and any other amount in the nature of a profit distribution payable pursuant to these Conditions;

(c) references to Certificates being "outstanding" shall be construed in accordance with the Master Trust Deed; and

(d) any reference to a Transaction Document (as defined below) shall be construed as a reference to that Transaction Document as amended and/or supplemented from time to time.

Subject as set out below, copies of the documents set out below are available for inspection and obtainable free of charge by the Certificateholders during normal business hours at the specified office for the time being of the Trustee and the Principal Paying Agent. The holders of the Certificates (the **Certificateholders**) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the documents set out below:

(a) the amended and restated investment management agreement (the **Investment Management Agreement**) dated 12 September 2019 between the Trustee and Dar Al-Arkan Sukuk International Company (the **Investment Manager**);

(b) the relevant Sukuk Contracts (as defined in Condition 22);

(c) the amended and restated guarantee (the **Guarantee**) dated 12 September 2019 made by Dar Al-Arkan in favour of the Trustee and the Delegate;

(d) the Trust Deed;

(e) the Agency Agreement; and

(f) the applicable Final Terms.

The documents listed above are referred to in these Conditions as the **Transaction Documents**. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Guarantee and the Agency Agreement.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct Dar Al-Arkan Sukuk Company Ltd., on behalf of the Certificateholders, (i) to invest the sums paid by it in respect of its Certificates through the Investment Manager into the Sukuk Portfolio in accordance with the Investment Plan (each as defined in Condition 4) and (ii) to enter into each Transaction Document to which it is a party, subject to the provisions of the Trust Deed and these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Certificates are issued in registered form in the Specified Denominations and, in the case of Certificates in definitive form, are serially numbered.

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than another clearing system) who is for the time being shown in the records of either such clearing system as the holder of a particular face amount of such Certificates (in which regard any certificate or other document issued by a clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Trustee, the Delegate, Dar Al-Arkan and the Agents as the holder of such face amount of such Certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated by the Trustee, the Delegate, Dar Al-Arkan and any Agent as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions **Certificateholder** and **holder** in relation to any Certificates and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular face amount of Certificates as aforesaid, the Delegate may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Each holder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered holder of the Global Certificate. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative Clearing System specified in Part B of the applicable Final Terms.

1.2 **Register**

The Registrar will maintain a register (the **Register**) of Certificateholders outside the United Kingdom in respect of the Certificates in accordance with the provisions of the Agency Agreement. In the case of Certificates in definitive form, a definitive Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

1.3 **Title**

The Trustee, the Delegate, Dar Al-Arkan and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificate is for the time being registered (as set out in the Register) as the holder of such Certificate or of a particular face amount of the Certificates for all purposes (whether or not such Certificate or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, the Delegate, Dar Al-Arkan and the Agents shall not be affected by any notice to the contrary.

All payments made to such registered holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Certificate or face amount.

2. TRANSFERS OF CERTIFICATES

2.1 **Transfers of beneficial interests in the Global Certificate**

Transfers of beneficial interests in the Global Certificate will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 **Transfers of Certificates in definitive form**

Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the holder or holders must (i) surrender the definitive Certificate for registration of the transfer thereof (or the relevant part thereof) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent. Any such transfer will be subject to such regulations as Dar Al-Arkan Sukuk Company Ltd., Dar Al-Arkan, the Delegate and the Registrar may from time to time prescribe (the initial such regulations being scheduled to the Master Trust Deed).

Subject as provided above, the relevant Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), and following receipt of a signed new Certificate in definitive form from the Trustee, deliver at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request a new Certificate in definitive form of a like aggregate face amount to the Certificate (or the relevant part of the Certificate) transferred. In the case of the transfer of part only of a Certificate in definitive form, a new Certificate in definitive form in respect of the balance of the Certificate not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

No Certificateholder may require the transfer of a Certificate in definitive form to be registered during the period of 15 days ending on a Periodic Distribution Date, the Scheduled Dissolution Date, a Dissolution Date or any other date on which any payment of the face amount or payment of any profit in respect of a Certificate falls due.

2.3 **Costs of registration**

Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Trustee may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS AND LIMITED RECOURSE

3.1 **Status**

Each Certificate evidences an undivided ownership interest in the Trust Assets, subject to the terms of the Trust Deed and these Conditions, and is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee. Each Certificate ranks *pari passu*, without any preference or priority, with the other Certificates.

3.2 **Limited Recourse**

The Certificates do not represent an interest in any of the Trustee, Dar Al-Arkan, the Investment Manager, the Delegate, the Agents or any of their respective affiliates.

Notwithstanding anything to the contrary contained herein or in any Transaction Document, no payment of any amount whatsoever shall be made in respect of the Certificates by the Trustee, the Delegate or any of their respective directors, officers or agents (including any corporate administrator) except to the extent that funds are available therefor from the Trust Assets. The Trust Assets include all of the Trustee's rights, title, benefit and interest, present and future, in, to and under the Guarantee, which when any amount is due and payable thereunder, constitutes a general unsecured obligation of Dar Al-Arkan in respect of which a claim may be made by the Trustee or the Delegate, and which ranks *pari passu* with any other unsecured obligations of Dar Al-Arkan. The Guarantee is granted in favour of the Trustee and the Delegate (and does not include any limited recourse provisions).

By subscribing for or acquiring the Certificates, the Certificateholders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Certificates against the Investment Manager, Dar Al-Arkan, the Trustee, the Delegate or the Agents or any of their respective directors, officers or agents to the extent the Trust Assets have been exhausted following which all obligations of the Investment Manager, Dar Al-Arkan, the Trustee, the Delegate and the Agents or any of their respective agents shall be extinguished.

No recourse (whether by institution or enforcement of any legal proceeding or assessment or otherwise) in respect of any breach of any duty, obligation, covenant or agreement contained in these Conditions or any Transaction Document shall be had against any shareholder (other than, in the case of the Investment Manager, Dar Al-Arkan itself), member, officer, agent (including any corporate administrator) or director of the Trustee, the Delegate, the Agents, the Investment Manager or Dar Al-Arkan, as the case may be, as such by virtue of any customary law, statute or otherwise. The obligations of the Trustee, the Delegate, the Agents, the Investment Manager and Dar Al-Arkan under these Conditions or any Transaction Document are corporate or limited liability obligations of the Trustee, the Delegate, the Agents, the Investment Manager and Dar Al-Arkan and any and all personal liability of the shareholders (other than as aforesaid), members, officers, agents (including any corporate administrator) or directors of the Trustee, the Delegate, the Agents, the Investment Manager and Dar Al-Arkan is hereby expressly waived and excluded to the extent permitted by law.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets may not be sufficient to make all payments and/or deliveries due in respect of the Certificates. If, following distribution of such proceeds, there remains a shortfall in payments and/or deliveries due under the Certificates, no Certificateholder will have any claim against the Investment Manager, Dar Al-Arkan, the Trustee, the Delegate, the Agents or any of their respective shareholders (other than as aforesaid), members, officers, directors or agents (including any corporate administrator) or any of their affiliates or recourse to any of their assets in respect of such shortfall and any unsatisfied claims of Certificateholders shall be extinguished. In addition, no Certificateholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding-up or receivership of the Investment Manager or Dar Al-Arkan (to the extent that each fulfils all of its obligations under the

relevant Transaction Documents to which it is a party), or any of the Trustee, the Delegate, the Agents and/or any of their affiliates as a consequence of such shortfall or otherwise.

4. THE TRUST

4.1 The Trust Assets

Pursuant to the Investment Management Agreement, the proceeds of the sale of the Certificates (the **Sukuk Proceeds**) will be applied by the Trustee through the Investment Manager to invest in a single portfolio of investments comprising an Ijara Agreement and a Murabaha Agreement entered into between the Investment Manager and the relevant Restricted Subsidiaries of Dar Al-Arkan (together with any further and/or replacement Ijara Agreements and Murabaha Agreements entered into from time to time between the Investment Manager and certain Restricted Subsidiaries in accordance with the terms of the Investment Management Agreement, the **Sukuk Portfolio**) in accordance with the Investment Plan (as defined below). Each Ijara Agreement and Murabaha Agreement is to be entered into substantially on the terms set out in the Investment Management Agreement and each of the initial Ijara Agreement and the initial Murabaha Agreement will be entered into on the Issue Date. The Investment Management Agreement provides that a minimum amount corresponding to 51 per cent. of the face amount of the Certificates outstanding must be invested in Ijara Agreements at all times, except during the period necessary for the replacement of any Ijara Agreement which is terminated as a result of the occurrence of a Total Loss (as defined in the relevant Ijara Agreement).

The **Investment Plan** means the requirement for the Investment Manager: (i) to invest the Sukuk Proceeds into a portfolio of Sukuk Contracts which generates returns at least equal to each relevant Periodic Distribution Amount for a period which is equal to or greater than the remaining duration of the Certificates which are outstanding at the time of the relevant investment; and (ii) to ensure satisfaction of the Underlying Value Conditions.

On the date falling two Business Days prior to each Periodic Distribution Date, the Investment Manager shall collect all sums due from the Sukuk Contract Counterparties (the **Profit Collections**) and pay such amounts to the Principal Paying Agent on behalf of the Trustee by depositing the same in the Transaction Account. The Principal Paying Agent will in turn apply such amounts to pay the Periodic Distribution Amount to the Certificateholders on the relevant Periodic Distribution Date in accordance with the terms of the Agency Agreement.

To the extent that there is a shortfall between: (a) the Profit Collections deposited in the Transaction Account and available for distribution to the Certificateholders on any Periodic Distribution Date; and (b) the Periodic Distribution Amount scheduled for distribution on that date, including where such shortfall arises from the negligence of or a failure by the Investment Manager to comply with its obligations under the Transaction Documents (including failure to satisfy the Underlying Value Conditions) the Guarantor shall make up that shortfall (the **Distribution Shortfall Restoration Amount**) in accordance with the terms of the Guarantee, pursuant to which the Guarantor will irrevocably undertake to pay the Distribution Shortfall Restoration Amount (if any) to the Principal Paying Agent (on behalf of the Trustee) for payment to the Certificateholders.

On the date falling two Business Days prior to the Scheduled Dissolution Date, any Dissolution Event Redemption Date, any Early Tax Dissolution Date or (if specified in the applicable Final Term as being applicable, Early Dissolution Date (Trustee Call)), as the case may be, the Investment Manager shall liquidate the Sukuk Portfolio in accordance with the Investment Management Agreement and pay the proceeds of such liquidation (the **Sukuk Portfolio Liquidation Proceeds**) to the Principal Paying Agent by depositing the same in the Transaction Account. The Principal Paying Agent will in turn apply such amounts to pay the Dissolution Amount to the Certificateholders on the Scheduled Dissolution Date, Dissolution Event Redemption Date, Early Tax Dissolution Date or Early Dissolution Date (Trustee Call), as the case may be. To the extent that there is a shortfall between the Sukuk Portfolio Liquidation Proceeds deposited in the Transaction Account and the Dissolution Amount payable on the Scheduled Dissolution Date, Dissolution Event Redemption Date, Early Tax Dissolution Date or Early Dissolution Date (Tax Call), as the case may be, including where to such shortfall results from the negligence of or a failure by the Investment Manager to comply with its obligations under the Transaction Documents (including failure to satisfy the Underlying Value Conditions) Dar Al-Arkan shall make up that shortfall (the **Value Restoration Amount**) under the terms of the Guarantee by paying the Value Restoration Amount to the Principal Paying Agent on behalf of the Trustee for payment to the Certificateholders.

Certificateholders have the benefit of certain restrictive and financial covenants entered into by Dar Al-Arkan under the Guarantee. See "Summary of the Principal Transaction Documents – The Guarantee".

Pursuant to the Trust Deed, the Trustee holds the Trust Assets upon trust absolutely for the holders of the Certificates *pro rata* according to the face amount of Certificates held by each holder. The term **Trust Assets** means:

(a) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the assets from time to time constituting the Sukuk Portfolio;

(b) all of the Trustee's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (other than in relation to any representations given to the Trustee by Dar Al-Arkan pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee in any of the Transaction Documents); and

(c) all monies standing to the credit of the Transaction Account from time to time,

(d) and all proceeds of the foregoing.

4.2 **Application of Proceeds from the Trust Assets**

On each Periodic Distribution Date and on the Scheduled Dissolution Date or any earlier Dissolution Date, the monies standing to the credit of the Transaction Account shall be applied in the following order of priority:

(a) first, (to the extent not previously paid) to pay the Delegate and/or any Appointee an amount equal to any sum payable to it on account of its properly incurred fees and Liabilities and to pay or provide for the payment or satisfaction of any Liability incurred (or expected to be incurred) by the Delegate and/or any Appointee in each case pursuant to the Trust Deed or in connection with any of the other Transaction Documents or these Conditions;

(b) second, (to the extent not previously paid) to pay, on a *pro rata* and *pari passu* basis, each Agent and the Trustee Administrator (as long as such amount has been notified to the Principal Paying Agent not less than 30 Business Days prior to the Periodic Distribution Date, Scheduled Dissolution Date or other Dissolution Date (as the case may be)) an amount equal to any sum payable to each of them on account of its properly incurred fees and Liabilities and to pay or provide for the payment or satisfaction of any Liability incurred (or reasonably expected to be incurred) by such Agents and/or the Trustee Administrator (as long as such amount has been notified to the Principal Paying Agent not less than 30 Business Days prior to the Periodic Distribution Date, Scheduled Dissolution Date or other Dissolution Date (as the case may be)) pursuant to the Agency Agreement, the Corporate Services Agreement and the Registered Office Agreement, as the case may be;

(c) third, only if payment is due on a Periodic Distribution Date, to the Principal Paying Agent for application in or towards payment to the Certificateholders *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;

(d) fourth, in the case of the Scheduled Dissolution Date, a Dissolution Event Redemption Date, an Early Tax Dissolution Date or an Early Dissolution Date (Trustee Call), to the Principal Paying Agent for application in or towards payment to the Certificateholders *pari passu* and rateably of the Dissolution Amount due on such date; and

(e) fifth, only if such payment is due on the Scheduled Dissolution Date, a Dissolution Event Redemption Date, an Early Tax Dissolution Date or an Early Dissolution Date (Trustee Call), in payment of the surplus (if any) to the Investment Manager as an incentive fee payable under the Investment Management Agreement.

5. COVENANTS

The Trustee covenants that, for so long as any Certificate is outstanding, it will not (without the prior written consent of the Delegate):

(a) incur any indebtedness in respect of borrowed money whatsoever (whether structured in accordance with the principles of the Sharia or otherwise), give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) or any other certificates, or provide any promissory note (or any other similar instrument) under the laws of any jurisdiction except, in all cases, as contemplated in the Transaction Documents;

(b) secure any of its present or future indebtedness for borrowed money or any other financing by any lien, pledge, charge or other security interest or quasi-security interest (including netting or set-off arrangements) upon any of its present or future assets, properties or revenues (other than those arising by operation of law and other than under or pursuant to any Transaction Document);

(c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its ownership interest in any of the Trust Assets except pursuant to the Transaction Documents and in accordance with the principles of Sharia;

(d) use the proceeds of the issue of the Certificates for any purpose other than as provided for under the Transaction Documents;

(e) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms thereof) or its memorandum and articles of association;

(f) act as trustee in respect of any trust other than a trust corresponding to any other Series issued under the Programme;

(g) have any subsidiaries or employees;

(h) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;

(i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; and

(j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or any permitted amendment or supplement thereto or as expressly permitted or required thereunder or engage in any business or activity other than:

(i) as provided for or permitted in the Transaction Documents;

(ii) the ownership, management and disposal of Trust Assets as provided for in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

6. FIXED PERIODIC DISTRIBUTION PROVISIONS

6.1 Application

This Condition is applicable to the Certificates only if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

6.2 Periodic Distribution Amount

Subject to Condition 4.2 and Condition 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on each Periodic

Distribution Date equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

In these Conditions:

Periodic Distribution Amount means, in relation to a Certificate and a Return Accumulation Period, the amount of profit distribution payable in respect of that Certificate for that Return Accumulation Period which amount may be a Fixed Amount, a Broken Amount or an amount otherwise calculated in accordance with this Condition 6 or Condition 7; and

Return Accumulation Period means the period from (and including) a Periodic Distribution Date (or the Return Accrual Commencement Date) to (but excluding) the next (or first) Periodic Distribution Date.

6.3 **Determination of Periodic Distribution Amount**

Except as provided in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate in definitive form for any Return Accumulation Period shall be the Fixed Amount or, if so specified in the applicable Final Terms, the Broken Amount so specified.

Except in the case of Certificates in definitive form where a Fixed Amount or Broken Amount is specified in the applicable Final Terms, the Periodic Distribution Amount payable in respect of each Certificate shall be calculated by applying the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Conditions (the **Rate**) applicable to the relevant Return Accumulation Period to:

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount (as specified in the applicable Final Terms),

and, in each case, multiplying such sum by the applicable Day Count Fraction. The resultant figure (including after application of any Fixed Periodic Distribution Amount or Broken Amount, as applicable, to the aggregate outstanding face amount of fixed rate Certificates which are in definititive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the amount of profit distribution payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of Periodic Distribution Amount in accordance with this Condition:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Certificates where the number of days in the relevant period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Certificates where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such

Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Periodic Distribution Date (or, if none, the Return Accrual Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Return Accrual Commencement Date or the final Periodic Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7. FLOATING PERIODIC DISTRIBUTION PROVISIONS

7.1 Application

This Condition is applicable to the Certificates only if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable.

7.2 Periodic Distribution Amount

Subject to Condition 4.2 and 8 and unless otherwise specified in the applicable Final Terms, the Principal Paying Agent shall distribute to holders *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on either:

(a) the Specified Periodic Distribution Date(s) in each year specified in the applicable Final Terms; or

(b) if no Specified Periodic Distribution Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Periodic Distribution Date, a **Periodic Distribution Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Return Accrual Commencement Date.

In relation to each Periodic Distribution Date, the distribution payable will be equal to the Periodic Distribution Amount payable in respect of the Return Accumulation Period ending immediately before that Periodic Distribution Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which a Periodic Distribution Date should occur or (y) if any Periodic Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 7.2(b) above, the Floating Rate Convention, such Periodic Distribution Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Periodic Distribution Date shall be the last Business Day in the month

which falls the Specified Period after the preceding applicable Periodic Distribution Date occurred; or

(B) the Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Periodic Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Periodic Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Conditions:

Business Day means:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than (TARGET2 System) specified in the applicable Final Terms;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and

(c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (ii) in relation to any sum payable in euro, a TARGET Settlement Day; and

TARGET Settlement Day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

7.3 **Screen Rate Determination**

If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate or rates (expressed as a percentage per annum) specified in the applicable Final Terms (being any of LIBOR, EURIBOR or SAIBOR) or calculated or determined in accordance with the provisions of these Conditions (the **Rate**) is to be determined, the Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:

(a) if the Reference Rate specified in the applicable Final Terms is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of 11.00 a.m. (London time, in the case of LIBOR or Brussels time, in the case of EURIBOR or Riyadh time, in the case of SAIBOR) (the **Relevant Time**) on the relevant Periodic Distribution Determination Date;

(b) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Periodic Distribution Determination Date;

(c) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(i) request each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Periodic Distribution Determination Date to

prime banks in the London or Eurozone interbank market, as the case may be, in an amount that is representative for a single transaction in that market at that time; and

(ii) determine the arithmetic mean of such quotations; and

(d) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period and that such inability is not due to the occurrence of a Benchmark Event, the Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

If the Calculation Agent, for any reason, is unable to perform the calculations or obtain the Rate as outlined in (a), (b), (c) and (d) above, the Calculation Agent will inform the Trustee as soon as practicable and, in such case, the Trustee will appoint an alternative agent to determine the Rate or will provide the Rate themselves in accordance with the procedures set out above.

In this Condition the following expressions have the following meanings:

Reference Banks means (i) (where the Reference Rate is LIBOR or EURIBOR) the principal London office of each of four major banks engaged in the London or Eurozone inter-bank market selected by or on behalf of the Trustee and (ii) (where the Reference Rate is SAIBOR) the principal Riyadh office of each of four major banks engaged in the Saudi inter-bank market selected by or on behalf of the Trustee, provided that once a Reference Bank has first been selected by or on behalf of the Trustee, such Reference Bank shall not be changed unless it ceases to be capable of acting as such. The Trustee will, at such time as Reference Banks are required or at the request of the Calculation Agent, provide the Calculation Agent with the complete contact details of each relevant person at the applicable Reference Bank, including but not limited to, the telephone number, fax number and email address;

Relevant Screen Page means the page, section or other part of a particular information service specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

If the Rate cannot be determined because of the occurrence of a Benchmark Event, the Rate shall be calculated in accordance with the terms of Condition 7.4.

7.4 **Benchmark Replacement**

Notwithstanding the other provisions of this Condition, if the Trustee and Dar Al-Arkan, following consultation with the Calculation Agent, determine that a Benchmark Event has occurred in relation to the relevant Reference Rate specified in the applicable Final Terms when any Rate (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(a) the Trustee and Dar Al-Arkan shall use their reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine no later than ten Business Days prior to the relevant Periodic Distribution Determination Date relating to the next succeeding Periodic Distribution Period (the **IA Determination Cut-Off Date**), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate and, in either case, an

Adjustment Spread for the purposes of determining the Rate (or the relevant component part thereof) applicable to the Certificates;

(b) if (A) the Trustee and Dar Al-Arkan are unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by the Trustee and Dar Al-Arkan fails to determine a Successor Rate or, failing which, an Alternative Reference Rate and, in either case, an Adjustment Spread in accordance with this Condition 7.4 prior to the relevant IA Determination Cut-Off Date, then Dar Al-Arkan (acting in good faith and in a commercially reasonable manner) may elect to determine the Successor Rate or, failing which, an Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread itself for the purposes of determining the Rate (or the relevant component part thereof) applicable to the Certificates or, if applicable, any Benchmark Amendments, to ensure the proper operation of such Successor Rate or Alternative Reference Rate and/or (in either case) the applicable Adjustment Spread (with the relevant provisions in this Condition 7.4 applying mutatis mutandis to allow such determinations to be made by Dar Al-Arkan without consultation with the Independent Adviser);

(c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Periodic Distribution Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 7.4. If, however, the Independent Adviser (in consultation with the Trustee and Dar Al-Arkan) or Dar Al-Arkan (acting in good faith and in a commercially reasonable manner) (as applicable) is unable to determine, prior to the IA Determination Cut Off Date relating to the next succeeding Return Accumulation Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;

(d) the Adjustment Spread (or the formula or methodology for determining the Adjustment Spread), shall be applied to the Successor Rate or the Alternative Reference Rate (as the case may be);

(e) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 7.4 and the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) or Dar Al-Arkan (acting in good faith and in a commercially reasonable manner), as applicable, determines: (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, Business Day Convention, Periodic Distribution Determination Date or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**); and (B) the terms of the Benchmark Amendments, then, at the direction and expense of Dar Al-Arkan and subject to delivery of a notice in accordance with Condition 7.4(f): (x) the Trustee (acting on the instructions of Dar Al-Arkan) shall vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice; and (y) the Trustee, the Delegate and the Agents shall (at Dar Al-Arkan's expense), without any requirement for the consent or sanction of Certificateholders, be obliged to concur with Dar Al-Arkan in effecting such Benchmark Amendments, provided that none of the Trustee, the Delegate or any Agent shall be required to effect any such Benchmark Amendments if the same would impose, in its opinion, more onerous obligations upon it or expose it to any liability against which it is not adequately indemnified and/or secured and/or prefunded to its satisfaction or impose any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it.

(f) Prior to any such Benchmark Amendments taking effect: (1) the Trustee shall provide a certificate signed by a director or a duly authorised signatory of the Trustee to the Delegate and the Principal Paying Agent; and (2) Dar Al-Arkan shall provide a certificate signed by a duly authorised signatory of Dar Al-Arkan to the Trustee, the Delegate and the Principal Paying Agent that such Benchmark Amendments are: (x) in the Trustee's or Dar Al-Arkan's (as the case may be) reasonable opinion (following consultation with the Independent Adviser), necessary to give effect to any application of this Condition 7); and (y) in each case, have been drafted solely to such effect, and the Trustee (in the case of the certificate to be provided to Dar Al-Arkan), the Delegate and the Principal Paying Agent (as the case may be) shall be entitled to

rely on such certificates without further enquiry or liability to any person. For the avoidance of doubt, none of the Delegate or any Agent shall be liable to the Certificateholders or any other person for so acting or relying on such certificate, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Certificateholder or person;

(g) Dar Al-Arkan shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable) and the specific terms of any Benchmark Amendments, give notice to the Agents and, in accordance with Condition 17, the Certificateholders confirming: (A) that a Benchmark Event has occurred; (B) the Successor Rate or Alternative Reference Rate (as applicable); (C) any applicable Adjustment Spread; and (D) the specific terms of the Benchmark Amendments (if any);

(h) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate (or the relevant component thereof) on the immediately following Periodic Distribution Determination Date, no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to this provision, then the Rate (or the relevant component part thereof) shall be determined as at the last preceding Periodic Distribution Determination Date. For the avoidance of doubt, this Condition 7.4(h) shall apply to the relevant immediately following Periodic Distribution Period only and any subsequent Periodic Distribution Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 7.4; and

(i) the Independent Adviser appointed pursuant to this Condition 7.4 shall act and make all determinations pursuant to this Condition 7.4 in good faith and the Independent Adviser shall act as an expert. In the absence of bad faith, wilful default or fraud, none of the Independent Adviser, the Trustee or Dar Al-Arkan shall have any liability whatsoever to the Principal Paying Agent, the Paying Agents or the Certificateholders in connection with any determination made by it or, in the case of the Independent Adviser, for any advice given to the Trustee and Dar Al-Arkan in connection with any determination made by the Trustee and Dar Al-Arkan pursuant to this Condition 7.4.

For the purposes of this Condition 7.4:

Adjustment Spread means either (a) a spread (which may be positive, negative or zero), or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) and is the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the relevant Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(B) (if no such recommendation has been made, or in the case of an Alternative Reference Rate) the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) determines is customarily applied to the relevant Successor Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the relevant Reference Rate; or

(C) (if the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) determines that no such spread, formula or methodology is customarily applied) the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the relevant Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

(D) (if the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) determines that there is no such industry standard) the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) or Dar Al-Arkan (as applicable) determines (acting in good faith and in a commercially reasonable manner) in their sole discretion to be appropriate;

Alternative Reference Rate means an alternative benchmark or screen rate which the Independent Adviser (following consultation with the Trustee and Dar Al-Arkan) determines, in accordance with this Condition 7.4, is customarily applied in international debt capital markets transactions for the purposes of determining profit rates (or the relevant component part thereof) in the same Specified Currency as the Certificates or, if the Independent Adviser or Dar Al-Arkan (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or Dar Al-Arkan (as applicable) determines in their sole discretion is most comparable to the relevant Reference Rate;

Benchmark Event means: (i) the relevant Reference Rate ceasing to be published or ceasing to exist; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will cease publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate, that the relevant Reference Rate has been or will be permanently or indefinitely discontinued; or (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate as a consequence of which the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Certificates; or (v) it has become unlawful for the Trustee, Dar Al-Arkan, the Calculation Agent or any Paying Agent to calculate any payments due to be made to any Certificateholder using the relevant Reference Rate, provided that in the case of sub-paragraphs (ii), (iii) and (iv) the Benchmark Event shall occur on the date of the cessation of publication of the relevant Reference Rate, the discontinuation of the relevant Reference Rate, or the prohibition of use of the relevant Reference Rate, as the case may be, and not the date of the relevant public statement;

Financial Stability Board means the organisation established by the Group of Twenty (G20) in April 2009;

Independent Adviser means an independent financial institution of international repute or an independent adviser with appropriate expertise appointed by the Trustee and Dar Al-Arkan at Dar Al-Arkan's expense;

Relevant Nominating Body means, in respect of a Reference Rate: (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which the Reference Rate relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; (C) a group of the aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

Successor Rate means the rate that the Independent Adviser (in consultation with the Trustee and Dar Al-Arkan) determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

7.5 **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of a Periodic Distribution Period in the applicable Final Terms, the Rate for such Periodic Distribution Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Periodic Distribution Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Periodic Distribution Period, provided however that, if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

7.6 **Calculation of Periodic Distribution Amount**

The Calculation Agent will, as soon as practicable after the time at which the Rate is to be determined in relation to each Return Accumulation Period, calculate the Periodic Distribution Amount payable in respect of each Certificate for such Return Accumulation Period. The Periodic Distribution Amount will be calculated by applying the Rate applicable to the relevant Return Accumulation Period to:

(a) in the case of Certificates which are represented by a Global Certificate, the aggregate outstanding face amount of the Certificates represented by such Global Certificate; or

(b) in the case of Certificates in definitive form, the Calculation Amount,

and, in each case, multiplying the product by the relevant Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of a Certificate in definitive form is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of a Periodic Distribution Amount in accordance with this Condition:

(a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 (or, if any portion of that Return Accumulation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Return Accumulation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Return Accumulation Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365;

(c) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 365 or, in the case of a Periodic Distribution Date falling in a leap year, 366;

(d) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Return Accumulation Period divided by 360;

(e) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless such number would be 31, in which case D_2 will be 30;

(g) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Return Accumulation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Return Accumulation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Return Accumulation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Return Accumulation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Return Accumulation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Return Accumulation Period, unless (i) that day is the last day of February but not the Scheduled Dissolution Date or (ii) such number would be 31, in which case D_2 will be 30.

7.7 **Publication**

The Calculation Agent will cause each Rate and Periodic Distribution Amount determined by it, together with the relevant Periodic Distribution Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Trustee, Dar Al-Arkan, the Delegate and

the Paying Agents as soon as practicable after such determination but (in the case of each Rate, Periodic Distribution Amount and Periodic Distribution Date) in any event not later than the fourth day of the relevant Return Accumulation Period. Notice thereof shall also promptly be given to the Certificateholders in accordance with Condition 17. The Calculation Agent will be required to recalculate any Periodic Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Return Accumulation Period and any such recalculation will be notified to the Trustee, Dar Al-Arkan, the Delegate, the Paying Agents and the Certificateholders as soon as practicable after such determination.

7.8 **Notifications, etc. to be final**

All communications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Trustee, the Delegate, Dar Al-Arkan, the Agents and all Certificateholders and (in the absence of wilful default or fraud) no liability shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

7.9 **Determination by the Delegate**

The Delegate may, but shall not be obliged to, if the Calculation Agent defaults at any time in its obligation to determine any Rate, Periodic Distribution Amount and/or Periodic Distribution Date in accordance with the above provisions, determine (or procure the determination of) the relevant Rate, Periodic Distribution Amount and/or Periodic Distribution Date, the former at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Periodic Distribution Amount and the Periodic Distribution Date in the manner provided in this Condition and the determinations shall be deemed to be determinations (if made) by the Calculation Agent and the Delegate shall have no liability to any person in respect of the same.

7.10 **Calculation Agent**

Notwithstanding any other provision of this Condition 7, if in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 7, the Calculation Agent shall promptly notify Dar Al-Arkan thereof and Dar Al-Arkan shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify Dar Al-Arkan thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

8. PAYMENT

8.1 **Payments in respect of the Certificates**

Subject to Condition 8.2, payment of any Dissolution Amount and any Periodic Distribution Amount will be made by transfer to the registered account of each Certificateholder. Payments of any Dissolution Amount will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Each Dissolution Amount and each Periodic Distribution Amount will be paid to the holder shown on the Register at the close of business on the relevant Record Date.

For the purposes of this Condition:

(a) **Dissolution Amount** means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Early Dissolution Amount (Trustee Call), the Dissolution Amount for the purposes of Condition 14 or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;

(b) **Payment Business Day** means:

(i) in the case where presentation and surrender of a definitive Certificate is required before payment can be made, a day on which banks in the relevant place of surrender

of the definitive Certificate are open for presentation and payment of securities and for dealings in foreign currencies; and

(ii) in the case of payment by transfer to an account:

(A) if the currency of payment is euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(B) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each (if any) Additional Financial Centre;

(c) a Certificateholder's **registered account** means the account maintained by or on behalf of such Certificateholder with a bank that processes payments in the Specified Currency, details of which appear on the Register at the close of business on the relevant Record Date;

(d) a Certificateholder's **registered address** means its address appearing on the Register at that time; and

(e) **Record Date** means (i) (where the Certificate is represented by a Global Certificate), at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the Periodic Distribution Date, Scheduled Dissolution Date or Dissolution Date, as the case may be; or (ii) (where the Certificate is in definitive form), in the case of the payment of a Periodic Distribution Amount, the date falling on the fifteenth day before the relevant Periodic Distribution Date and, in the case of the payment of a Dissolution Amount, the date falling two Payment Business Days before the Scheduled Dissolution Date or Dissolution Date, as the case may be.

8.2 **Payments subject to Applicable Laws**

Payments in respect of any Dissolution Amount and any Periodic Distribution Amount on the Certificates are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto.

8.3 **Payment only on a Payment Business Day**

Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment or, in the case of a payment of any Dissolution Amount, if later, on the Payment Business Day on which the relevant definitive Certificate is surrendered at the specified office of a Paying Agent for value as soon as practicable thereafter.

Certificateholders will not be entitled to any additional payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the relevant Certificateholder is late in surrendering its definitive Certificate (if required to do so).

If the amount of any Dissolution Amount or Periodic Distribution Amount is not paid in full when due, the Registrar will annotate the Register with a record of the amount in fact paid.

8.4 **No Late Payments**

If the Trustee fails to pay any Periodic Distribution Amount or Dissolution Amount (in whole or in part) on the relevant Periodic Distribution Date or Dissolution Date for any reason, the Trustee will not be required to pay, and Certificateholders shall not be entitled to receive, any additional amounts in respect of the period during which such Periodic Distribution Amount or Dissolution Amount remains unpaid (in whole or in part).

Pursuant to the Guarantee, if Dar Al-Arkan fails to make payment of any sum due to the Trustee under the Guarantee on the due date for payment (the **Outstanding Sum**), Dar Al-Arkan has undertaken to pay a late payment amount to the Trustee in respect of the period from, and including, the due date for settlement to, but excluding, the date of full settlement of the Outstanding Sum, calculated on a daily basis, as the product of: (a) 1 per cent. per annum; and (b) the Outstanding Sum, calculated on the basis of a 360 day year of 12 months of 30 days each. The Trustee has agreed that any such late payment amounts received from Dar Al-Arkan will be given to charity and will not be paid to the Certificateholders.

9. AGENTS

9.1 Agents of Trustee

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee and (to the extent provided therein) the Delegate and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders or Dar Al-Arkan. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

9.2 Specified Offices

The initial Agents are set out above. If any additional Agents are appointed in connection with any Series, the names of such Agents will be specified in Part B of the applicable Final Terms. The Trustee reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided, however, that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be a Registrar;

(c) if a Calculation Agent (other than the Principal Paying Agent) has been appointed in the applicable Final Terms, there will at all times be a Calculation Agent; and

(d) so long as any Certificates are admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system, there will at all times be a Paying Agent, Registrar and a Transfer Agent having its specified office in such place (if any) as may be required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any termination or appointment and of any changes in specified offices will be given to the Certificateholders promptly by the Trustee in accordance with Condition 17.

10. CAPITAL DISTRIBUTIONS OF THE TRUST

10.1 Scheduled Dissolution

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee will redeem each Certificate on the Scheduled Dissolution Date at the Final Dissolution Amount together with any Periodic Distribution Amounts payable. Upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.2 Early Dissolution for Tax Reasons

The Certificates may be redeemed by the Trustee in whole, but not in part:

(a) at any time (if the Fixed Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable); or

(b) on any Periodic Distribution Date (if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms as being applicable),

(such date, the **Early Tax Dissolution Date**) on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable), at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts, if a Tax Event occurs where **Tax Event** means:

(i) the Trustee has or will become obliged to pay additional amounts pursuant to Condition 11;

(ii) the Trustee has received notice from the Investment Manager that: (A) the Investment Manager has or will become required to withhold or deduct any taxes in respect of any payment by it or on its behalf under the Investment Management Agreement to or to the order of the Trustee (at a rate in excess of five per cent. of the gross amounts payable under the Investment Management Agreement); or (B) one or more Sukuk Contract Counterparties has or will become obliged to pay additional amounts pursuant to the relevant Sukuk Contract as a result of the relevant Sukuk Contract Counterparty having been required to withhold or deduct any taxes in respect of any payment by it or on its behalf under the relevant Sukuk Contract to or to the order of the Investment Manager; or

(iii) the Trustee has received notice from Dar Al-Arkan that it has or will become obliged to pay additional amounts to the Trustee pursuant to the Guarantee as a result of Dar Al-Arkan having been required to withhold or deduct any taxes in respect of any payment by it under the Guarantee to or to the order of the Trustee (at a rate in excess of five per cent. of the gross amounts payable under the Guarantee),

in each case (x) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (y) such obligation cannot be avoided by the Trustee, the Investment Manager, the relevant Sukuk Contract Counterparty or Dar Al-Arkan, as the case may be, taking reasonable measures available to it; and provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which, in the case of paragraph (i) above, the Trustee would be obliged to pay such additional amounts were a payment in respect of the Certificates then due or, in the case of paragraph (ii)(A) above, the Investment Manager would be obliged to pay such additional amounts were a payment in respect of the Investment Management Agreement then due, or, in the case of paragraph (ii)(B) above, the relevant Sukuk Contract Counterparty would be obliged to pay such additional amounts were a payment in respect of the relevant Sukuk Contract then due, or, in the case of paragraph (iii) above, Dar Al-Arkan would be obliged to pay such additional amounts were a payment in respect of the Guarantee then due, as the case may be.

Prior to the publication of any notice of redemption pursuant to Condition 10.2, the Trustee shall deliver to the Delegate:

(i) (A) (in the case of (i) above) a certificate signed by two duly authorised officers of the Trustee stating that the obligation referred to in (i) has arisen;

(B) (in the case of (ii)(A) above) a certificate signed by two duly authorised officers of the Investment Manager stating that the obligation referred to in (ii)(A) has arisen;

(C) (in the case of (ii)(B) above) a certificate signed by two duly authorised officers of the relevant Sukuk Contract Counterparty stating that the obligation referred to in (ii)(B) has arisen; or

(D) (in the case of (iii) above) a certificate signed by two duly authorised officers of Dar Al-Arkan stating that the obligation referred to in (iii) has arisen,

and in each case stating that the obligation cannot be avoided by the Trustee, the Investment Manager, the relevant Sukuk Contract Counterparty or Dar Al-Arkan, as the case may be (having taken all reasonable measures available to it); and

(ii) an opinion of independent legal or tax advisers of recognised standing to the effect that the Trustee, the Investment Manager, the relevant Sukuk Contract Counterparty or Dar Al-Arkan, as the case may be, will become obliged to pay such additional amounts as a result of such change or amendment.

The Delegate shall be entitled to accept (without further investigation) any such certificate and opinion delivered to it pursuant to the above as sufficient evidence thereof in which event it shall be conclusive and binding on the Certificateholders. For the avoidance of doubt, the Delegate shall have no liability to any person for accepting and acting on such certificate and/or opinion.

Upon the expiry of any such notice as is referred to in this Condition 10.2, the Trustee shall be bound to redeem the Certificates at the Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts and, upon payment in full of such amounts to the Certificateholders, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof; provided, however, that no such notice of redemption shall be given unless the Trustee has received an exercise notice from Dar Al-Arkan under the Trust Deed.

10.3 **Dissolution at the Option of the Trustee**

If Early Dissolution (Trustee Call) is specified in the applicable Final Terms as being applicable, the Certificates may be redeemed in whole but not in part on any Early Dissolution Date (Trustee Call), which must be a Periodic Distribution Date if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, at the relevant Early Dissolution Amount (Trustee Call) together with any accrued but unpaid Periodic Distribution Amounts on the Trustee giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 17 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the relevant Early Dissolution Date (Trustee Call)). Upon such redemption, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof; provided, however, that no such notice of redemption shall be given unless the Trustee has received an exercise notice from Dar Al-Arkan under the Trust Deed.

10.4 **Dissolution following certain Repurchases of Certificates by the Guarantor**

The Guarantee obliges the Guarantor to make a Change of Control Offer, an Asset Disposition Offer and, if specified in the applicable Final Terms as being applicable, a Certificateholder Put Option Repurchase Offer (each, a **Mandatory Offer to Repurchase Certificates**). If all (but not some only) of the outstanding Certificates are sold to the Guarantor pursuant to a Mandatory Offer to Repurchase Certificates then, upon payment in full of the purchase price to the Certificateholders in accordance with the terms of the Guarantee, the Trust will terminate, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

10.5 **No other Dissolution**

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust, otherwise than as provided in this Condition, Condition 13 and Condition 14.

10.6 **Cancellations**

All Certificates which are redeemed, and all Certificates purchased by or on behalf of Dar Al-Arkan or any of its Subsidiaries and delivered by Dar Al-Arkan to the Principal Paying Agent for cancellation, will be cancelled in accordance with Condition 13.2 and accordingly such Certificates may not be held, reissued or resold.

10.7 **Dissolution Date**

In these Conditions, the expression **Dissolution Date** means, as the case may be, (a) following the occurrence of a Dissolution Event (as defined in Condition 14), the date on which the Certificates are redeemed in accordance with the provisions of Condition 14, (b) the date on which the Certificates are redeemed in accordance with the provisions of Condition 10.2, (c) any Early Dissolution Date (Trustee Call) or (d) the date on which payment of the purchase price is made in full to the holder of the last outstanding Certificate pursuant to a Mandatory Offer to Repurchase Certificates.

11. TAXATION

All payments of any Dissolution Amount and any Periodic Distribution Amount in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes, unless the withholding or deduction of the Taxes is required by law. In such event, the Trustee will pay additional amounts so that the full amount which otherwise would have been due and payable under the Certificates in the absence of any such withholding or deduction is received by the parties entitled thereto, except that no such additional amount shall be payable in relation to any payment in respect of any Certificate:

(a) the holder of which is liable for such Taxes in respect of such Certificate by reason of having some connection with any Relevant Jurisdiction other than the mere holding of such Certificate; or

(b) presented for payment by or on behalf of a Certificateholder who is eligible for a reduction or exemption from such withholding taxes by complying with any certification, identification or other reporting requirements whether imposed by statute, treaty, regulation or administrative practice concerning nationality, residence or connection with the Relevant Jurisdiction if such compliance is requested by the Trustee and is required as a precondition to such relief or exemption from such withholding taxes and if, after having been requested to make such certification or identification or comply with such reporting requirements, such Certificateholder fails to do so; or

(c) presented for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Certificateholder would have been entitled to such additional amounts on presenting the same for payment on the last day of such 30-day period assuming, whether or not such is in fact the case, that day to have been a Payment Business Day.

The obligation to pay such additional amounts shall not apply to: (i) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge; or (ii) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments on the Certificates.

As used in these Conditions:

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which the full amount has been so received and notice to that effect has duly been given to the Certificate holders in accordance with Condition 17;

Relevant Jurisdiction means the Cayman Islands or the Kingdom of Saudi Arabia or, in each case, any political subdivision or authority thereof or therein having the power to tax; and

Taxes means any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature imposed or levied by or on behalf of any Relevant Jurisdiction.

The Ijara Agreements and Murabaha Agreements to be entered into pursuant to the Investment Management Agreement each provide that payments thereunder by the Sukuk Contract Counterparties shall be made without withholding or deduction for, or on account of, any present or future taxes, unless such withholding or deduction is required by the laws of the Kingdom of Saudi Arabia and, in such case, provide for the payment by the Sukuk Contract Counterparties of additional amounts so that the full amount which would otherwise have been due and payable in the absence of any such withholding or

deduction is paid to the Investment Manager. The Investment Management Agreement also provides that payments to be made thereunder by the Investment Manager to the Trustee shall be made without withholding or deduction for, or on account of, any present or future taxes, unless such withholding or deduction is required by the laws of the Kingdom of Saudi Arabia and, in such case, provides for the payment by the Investment Manager of additional amounts so that the full amount which would otherwise have been due and payable in the absence of any such withholding or deduction is paid into the relevant Transaction Account two Business Days prior to each Periodic Distribution Date, the Scheduled Dissolution Date, any Dissolution Event Redemption Date, Early Tax Dissolution Date or Early Dissolution Date (Trustee Call), as the case may be.

Further, in accordance with the Guarantee, Dar Al-Arkan undertakes to pay any Distribution Shortfall Restoration Amount or Value Restoration Amount, as the case may be, to the Trustee without any deduction or withholding for or on account of any present or future tax, or other charge or withholding of a similar nature, unless required by the laws of the Kingdom of Saudi Arabia and, in such case, undertakes to pay additional amounts so that the full amount which would otherwise have been due and payable in the absence of any such withholding or deduction is received by the Trustee. In addition, Dar Al-Arkan has undertaken in the Guarantee to pay to the Trustee such additional amounts as may be payable by the Trustee pursuant to this Condition 11.

12. PRESCRIPTION

The right to receive distributions in respect of the Certificates will be forfeited unless claimed within a period of 10 years (in the case of Dissolution Amounts) and a period of five years (in the case of Periodic Distribution Amounts) from the Relevant Date in respect thereof, subject to the provisions of Condition 8.

13. PURCHASE AND CANCELLATION OF CERTIFICATES

13.1 Purchases

Dar Al-Arkan and/or any of its Subsidiaries may at any time purchase Certificates at any price in the open market or otherwise.

13.2 Cancellation of Certificates held by Dar Al-Arkan and/or any of its Subsidiaries

Any Certificates purchased by Dar Al-Arkan and/or any Subsidiary thereof may be surrendered to the Principal Paying Agent for cancellation on the next succeeding Periodic Distribution Date. Notwithstanding the foregoing, any Certificates purchased by Dar Al-Arkan and/or any Subsidiary thereof pursuant to a Change of Control Offer, an Asset Disposition Offer or a Certificateholder Put Option Repurchase Offer (in each case as may be required to be made as provided in the Guarantee) shall be surrendered to the Principal Paying Agent for cancellation on the next succeeding Periodic Distribution Date. Any Certificates surrendered for cancellation may not be held, reissued or resold by the Trustee.

Under the terms of the Guarantee, Dar Al-Arkan undertakes that:

(i) *no later than 30 days following a Change of Control, Dar Al-Arkan shall make an offer to repurchase all Certificates then outstanding at a purchase price equal to the Change of Control Repurchase Amount set out in the applicable Final Terms face amount, plus accrued and unpaid Periodic Distribution Amounts, if any, to the date of repurchase;*

(ii) *if Dar Al-Arkan or any Restricted Subsidiary makes an Asset Disposition, in certain circumstances prescribed in the Guarantee, Dar Al-Arkan must use all or part of the proceeds of such Asset Disposition to make an offer to purchase Certificates at a purchase price equal to 100 per cent. of their face amount, plus accrued and unpaid Periodic Distribution Amounts, if any; and*

(iii) *(if the applicable Final Terms specifies that Certificateholder Put Option is applicable) Dar Al-Arkan shall make an offer (which shall remain open for not less than 45 nor more than 60 days) to repurchase any or all outstanding Certificates of the relevant Series at the Certificateholder Put Option Repurchase Amount, plus*

accrued and unpaid Periodic Distribution Amounts, if any, to the date of purchase, on the Certificateholder Put Option Repurchase Date(s) specified in the applicable Final Terms.

See "Summary of the Principal Transaction Documents – The Guarantee".

14. DISSOLUTION EVENTS

14.1 Dissolution Events

Upon the occurrence and continuation of any of the following events (**Dissolution Events**):

(a) *Non-Payment*: default is made in the payment of the Dissolution Amount on the date fixed for payment thereof or default is made for more than five (5) Business Days in the payment of any Periodic Distribution Amount on the due date for payment thereof; or

(b) *Breach of Other Obligations*: the Trustee does not perform or comply with any one or more of its other obligations in the Certificates or the Transaction Documents to which it is party which default is incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not in the opinion of the Delegate remedied within 30 days after notice of such default shall have been given to the Trustee; or

(c) *Enforcement Proceedings*: distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 90 days; or

(d) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Trustee becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person); or

(e) *Insolvency*: the Trustee is (or is or could be deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or (in the opinion of the Delegate) a material part of (or of a particular type of) its debts, makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or

(f) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Delegate or by an Extraordinary Resolution of the Certificateholders; or

(g) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (a) to enable the Trustee lawfully to enter into, exercise its rights and perform and comply with its obligations under the Certificates and the Transaction Documents to which it is party; (b) to ensure that those obligations are legally binding and enforceable; and (c) to make the Certificates and the Transaction Documents to which it is party admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done; or

(h) *Illegality*: it is or will become unlawful for the Trustee to perform or comply with any one or more of its obligations under any of the Certificates or the Transaction Documents to which it is party; or

(i) *Dar Al-Arkan Event*: a Dar Al-Arkan Event (as defined below) occurs; or

(j) *Analogous Events*: any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs,

the Delegate shall, if so requested by a Certificateholders' Direction and subject to it being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Trustee that the Certificates are to be redeemed and the Trust is to be dissolved (a **Dissolution Request**). Immediately following receipt of the Dissolution Request, the Trustee shall exercise its rights under the Investment Management Agreement and (if required) the Guarantee and use the Sukuk Portfolio Liquidation Proceeds and (if applicable) sums received under the Guarantee to redeem the Certificates at the Dissolution Amount, together with all accrued but unpaid Periodic Distribution Amounts on the date specified in the Dissolution Request (the **Dissolution Event Redemption Date**). The Trust shall be dissolved on the day after the last outstanding Certificate has been redeemed in full.

For the purpose of this Condition 14.1, all amounts payable in respect of the Certificates (including any amounts calculated as being payable under Condition 6, Condition 7 and Condition 10) shall be considered due and payable notwithstanding that the Trustee has at the relevant time insufficient funds to pay such amounts.

14.2 **Dar Al-Arkan Events**

For the purposes of this Condition, a **Dar Al-Arkan Event** means:

(a) *Non-Payment of the Guarantee*: the Guarantor fails to pay any Distribution Shortfall Restoration Amount under the Guarantee when due and payable and such default continues for a period of five (5) Business Days; or

(b) *Breach of Merger and Consolidation covenant*: the failure by the Guarantor to comply with its obligations under Paragraph 2.10 (*Merger and Consolidation*) of Schedule 2 of the Guarantee; or

(c) *Breach of other covenants*: the failure by the Guarantor to comply for thirty (30) days with any of its obligations in Clause 5 (*Change of Control and Investor Put Option*) (other than a failure to purchase Certificates in the case of a Change of Control Offer or an Asset Disposition Offer) of the Guarantee or under Paragraph 2 of Schedule 2 of the Guarantee (other than as specified in (b) above); or

(d) *Breach of other obligations*: the Guarantor or any Restricted Subsidiary defaults in the performance of any other undertaking or agreement under or pursuant to the Certificates or the Transaction Documents or defaults in the observance of any of its other obligations under or in respect of the Certificates or the Transaction Documents (other than a default specified in (a), (b) or (c) above) which breach or default is incapable of remedy or, if in the opinion of the Delegate capable of remedy, is not in the opinion of the Delegate remedied within sixty (60) days after notice of such breach or default addressed to the Guarantor by the Trustee (or the Delegate acting on behalf of the Trustee) has been delivered to the Guarantor, provided that for the purpose of this paragraph (d) no breach of the Underlying Value Conditions shall be deemed to have occurred as long as no events and circumstances described in paragraph (a) have occurred; or

(e) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an amount in excess of SAR 100 million (or its equivalent in any other currency or currencies), whether individually or in aggregate is rendered against the Guarantor, the Investment Manager or any other Subsidiary and that judgment or order for payment continue(s) unsatisfied and unstayed for a period of thirty (30) days after the date(s) thereof (or if appealed within such period, the appeal is unsuccessful and thereafter the judgment or order for payment continues unsatisfied and unstayed for a period of thirty (30) days); or

(f) *Cross default*: if any of the following events occur: (i) any Indebtedness of the Guarantor or any Subsidiary is not paid when due nor within any originally applicable grace period; (ii) any Indebtedness of the Guarantor or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); (iii) any commitment for any Indebtedness of the Guarantor or any Subsidiary is cancelled or suspended by a creditor of the Guarantor or any Subsidiary, as a result of an event of default

(however described); or (iv) any holder of an Existing Sukuk Certificate becomes entitled to declare such Existing Sukuk Certificate due and payable prior to its specified maturity as a result of an event of default (however described), provided in each case that no Dar Al-Arkan Event will occur under this paragraph if the aggregate amount of Indebtedness or commitment for Indebtedness or Existing Sukuk Certificate is less than SAR 100 million (or equivalent in any other currency or currencies); or

(g) *Insolvency*: (i) the Guarantor or the Investment Manager or any other Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary becomes insolvent or is unable to pay its debts as they fall due; (ii) an administrator or liquidator is appointed over the whole or at least 25 per cent. of the undertaking, assets and revenues of the Guarantor or the Investment Manager or any other Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (or application for any such appointment is made) and such appointment is not discharged within thirty (30) days; (iii) the Guarantor or the Investment Manager or any other Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (including any arrangement under the Settlement to Avoid Bankruptcy Law) or declares a moratorium in respect of any of its Indebtedness given by it; or (iv) the Guarantor or the Investment Manager or any other Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary ceases or threatens to cease to carry on all or at least 25 per cent. of its business (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent approved by an Extraordinary Resolution); or

(h) *Winding up*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Guarantor or the Investment Manager or any other Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent approved by an Extraordinary Resolution); or

(i) *Analogous event*: any event occurs under the laws, regulations or rules of the Kingdom of Saudi Arabia which has an analogous effect to any of the events referred to in paragraphs (g) or (h) above, or any event occurs which under the laws of the jurisdiction under which the relevant Restricted Subsidiary is incorporated or constituted has an analogous effect to any of the events referred to in paragraphs (g) or (h) above; or

(j) *Unlawfulness*: at any time it is or becomes unlawful for the Guarantor or the Investment Manager or any other Restricted Subsidiary to perform any or all of its obligations under or in respect of the Transaction Documents to which they are a party (if any) or for any other party to any Transaction Document to perform any or all of its obligations under that document; or

(k) *Repudiation*: the Guarantor or the Investment Manager or any other Restricted Subsidiary repudiates or challenges the legal, valid, binding and enforceable nature of any or any part of a Transaction Document to which they are a party (if any) or does or causes to be done any act or thing evidencing an intention to repudiate or challenge the legal, valid, binding and enforceable nature of any Transaction Document to which it is party; or

(l) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Guarantor, the Investment Manager or any other Restricted Subsidiary which, if adversely determined, has or could have a Material Adverse Effect, and is not discharged or stayed within 90 days; or

(m) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Guarantor or the Investment Manager or any other Restricted Subsidiary is enforced (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person) which has or could have a Material Adverse Effect; or

(n) *Government intervention*: the government of any country or any governmental agency takes any step with a view to the seizure, expropriation, nationalisation or acquisition (whether compulsory or otherwise) of the Guarantor, the Investment Manager or any other Restricted Subsidiary or any of their material assets.

Capitalised terms used in this Condition 14.2 shall have the meanings given to them in the Guarantee. *See "Summary of the Principal Transaction Documents – The Guarantee".*

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 Enforcement

Upon the occurrence of a Dissolution Event and the giving of notice of a Dissolution Request to the Trustee by the Delegate, to the extent that the amounts payable in respect of the Certificates have not been paid in full pursuant to Condition 14, subject to Condition 15.2 the Delegate shall (subject to being indemnified and/or secured and/or prefunded to its satisfaction), take one or more of the following steps:

(a) enforce the provisions of the Guarantee against Dar Al-Arkan; and/or

(b) take such other steps as the Delegate may consider necessary to recover amounts due and/or deliverable to the Certificateholders.

Notwithstanding the foregoing but subject to Condition 15.2, the Delegate may at any time, at its discretion and without notice, take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustee and/or Dar Al-Arkan to enforce their respective obligations under the Transaction Documents, these Conditions and the Certificates.

15.2 Delegate not obliged to take Action

Neither the Trustee nor the Delegate shall be bound to take any action in relation to the Trust Assets or any Dissolution Event or to take any action or any other steps under these Conditions or any Transaction Document unless:

(a) the Delegate and/or the Trustee, as the case may be, is satisfied that it will be indemnified and/or secured and/or prefunded against all Liabilities which may be incurred in connection with such action or step and may demand prior to taking any such action that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it; and

(b) in the case of the Delegate only, it has been directed or requested to do so by a Certificateholders' Direction.

15.3 Direct Enforcement by Certificateholders

No Certificateholder shall be entitled to proceed directly against, or to provide instructions to the Trustee to pursue any claim against, the Trustee, the Investment Manager and/or Dar Al-Arkan arising under the Trust Assets or the Certificates or to enforce the performance of any provisions of any of the Transaction Documents or for any other reason unless the Delegate having become bound so to proceed, (i) fails to do so within a reasonable period, or (ii) is unable by reason of an order of a court having competent jurisdiction to do so, and the failure or inability is continuing. Under no circumstances shall the Trustee, the Delegate or any Certificateholders have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the terms of the Transaction Documents or under these Conditions and the sole right of the Trustee, the Delegate and the Certificateholders against the Investment Manager and/or Dar Al-Arkan shall be to enforce their respective obligations under the Transaction Documents to which they are party.

15.4 Limited Recourse

The foregoing paragraphs in this Condition are subject to this paragraph. After enforcing and/or realising the Trust Assets, (i) the net proceeds of the Trust Assets shall be distributed in accordance with Condition 4.2, and the obligations of Dar Al-Arkan, the Investment Manager, the Agents, the Delegate and/or the Trustee in respect of the Certificates shall be satisfied, (ii) no Certificateholder may take any steps against

Dar Al-Arkan, the Investment Manager, the Agents, the Delegate and/or the Trustee and/or any of their respective shareholders, members, officers, directors or agents to recover any sums in respect of the Certificates and (iii) the right to receive any such sums unpaid shall be extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of Dar Al-Arkan or the Investment Manager (to the extent that each fulfils all of its obligations under the relevant Transaction Documents to which it is a party) or the Agents, the Delegate and/or the Trustee, nor shall any of them have any claim in respect of the trust assets of any other trust established by the Trustee.

16. REPLACEMENT OF DEFINITIVE CERTIFICATES

Should any definitive Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (and if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Trustee, Dar Al-Arkan, the Registrar, the Paying Agent or the Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a daily newspaper having general circulation in the Republic of Ireland (which is expected to be the *Irish Times*) approved by the Delegate and published on the website of Euronext Dublin (www.ise.ie) or, if in either case such publication is not practicable, in a leading English language newspaper having general circulation in Europe approved by the Delegate; or

(b) mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective registered addresses.

The Trustee shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system (if any) by which the Certificates have then been admitted to listing, trading and/or quotation including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Certificates are issued, there may, so long as any Global Certificate representing the Certificates is held on behalf of one or more clearing systems, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to the relevant clearing systems for communication by them to the Certificateholders and, in addition, for so long as any Certificates are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the Certificateholders on the day on which the said notice was given to the relevant clearing systems.

Notices to be given by any Certificateholder shall be in writing and given by lodging the same with the Principal Paying Agent. Whilst any of the Certificates are represented by a Global Certificate held on behalf of one or more clearing systems, such notice may be given by any holder of a Certificate to the Principal Paying Agent through the clearing system in which its interest in the Certificates is held in such manner as the Principal Paying Agent and the relevant clearing system may approve for this purpose.

18. MEETINGS OF CERTIFICATEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

18.1 The Trustee, Dar Al-Arkan and/or the Delegate may convene meetings of Certificateholders at any time, and the Trustee shall be obliged to do so upon a requisition in writing of Certificateholders holding not less than one-tenth of the aggregate face amount of the Certificates for the time being outstanding to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Trust Deed or any other Transaction Documents. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than half of the aggregate face amount of the outstanding Certificates, or at any adjourned such meeting one or more persons present holding or representing not less than one-quarter of the aggregate face amount of the outstanding Certificates, except that any meeting the business of which includes a Reserved Matter the quorum shall be one or more persons present holding or representing not less than three-quarters of the aggregate face amount of the outstanding Certificates, or at any adjourned such meeting one or more persons present holding or representing not less than one-quarter of the aggregate face amount of the outstanding Certificates. The expression Extraordinary Resolution is defined in the Master Trust Deed to mean any of (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than three-quarters of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-quarters in aggregate face amount of the outstanding Certificates or (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Delegate) by or on behalf of not less than three-quarters in face amount of the outstanding Certificates for the time being outstanding. An Extraordinary Resolution duly passed as described above will be binding on all holders of the Certificates, irrespective of if, or how, they voted on such Extraordinary Resolution and whether (if applicable) they attended the meeting.

18.2 The Delegate may agree, without the consent or sanction of the Certificateholders, to any modification (other than in the case of a Reserved Matter or any provision of the Trust Deed or these Conditions referred to in the definition of a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Master Trust Deed, these Conditions or of any other Transaction Document, or determine, without any such consent as aforesaid, that any Dissolution Event or Potential Dissolution Event shall not be treated as such (provided that the Delegate will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 14), which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of Certificateholders or may agree, without any consent or sanction of the Certificateholders, to any modification which, in the opinion of the Delegate, is of a formal, minor or technical nature or made to correct a manifest error.

18.3 In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Delegate shall have regard to the general interests of the Certificateholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim from the Delegate or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

18.4 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Certificateholders and shall, unless the Delegate otherwise decides, be notified to the Certificateholders as soon as practicable thereafter in accordance with Condition 17.

19. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

19.1 The Trust Deed contains provisions for the indemnification of each of the Delegate and the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction as well as provisions entitling the Delegate to be paid its costs and expenses in priority to the claims of the Certificateholders.

19.2 Neither the Delegate nor the Trustee makes any representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of Dar Al-Arkan under the Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Certificateholders in respect of any payments which should have been made by Dar Al-Arkan but are not so made and shall not in any circumstances have any liability arising from or in relation to the Trust Assets other than as expressly provided in these Conditions or in the Trust Deed.

19.3 Each of the Trustee and the Delegate is exempted from (i) any liability in respect of any loss or theft of the Trust Assets or any cash, (ii) any obligation to insure the Trust Assets or any cash and (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or Clearing System or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of wilful default by the Trustee or the Delegate, as the case may be.

19.4 The Trust Deed also contains provisions pursuant to which the Delegate is entitled, *inter alia*, (a) to enter into business transactions with Dar Al-Arkan and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, Dar Al-Arkan and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. GOVERNING LAW AND JURISDICTION

21.1 The Trust Deed, the Certificates and these Conditions (including the remaining provisions of this Condition 21) and any non-contractual obligations arising out of or in connection with the Trust Deed, the Certificates and these Conditions are governed by, and shall be construed in accordance with, English law.

21.2 Subject to Condition 21.3, the courts of England shall have exclusive jurisdiction to settle any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Trust Deed, the Certificates and these Conditions (including any dispute as to the existence, validity, interpretation, performance, breach or termination of the Trust Deed, the Certificates and these Conditions or the consequences of the nullity of any of them or a dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) and, accordingly, the Trustee and Dar Al-Arkan submit to the exclusive jurisdiction of such courts.

The Trustee and Dar Al-Arkan agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

21.3 Condition 21.2 is for the benefit of the Delegate and the Certificateholders only. As a result, the Delegate and any Certificateholder (where permitted so to do) may take proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Delegate and the Certificateholders may take concurrent Proceedings in any number of jurisdictions.

Dar Al-Arkan has in each of the Trust Deed and the Guarantee also submitted to the jurisdiction of the Saudi Arabian Committee for the Resolution of Securities Disputes and the Appeal Panel in respect of Disputes.

21.4 Each of the Trustee and Dar Al-Arkan has in the Trust Deed appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any Proceedings before the English courts in relation to any Dispute and has undertaken that, in the event of Law Debenture Corporate Services Limited ceasing so to act or be able to act or ceasing to be registered in England, it will immediately appoint another person approved by the Delegate as its agent for service of process in England in respect of any Proceedings or Disputes on terms acceptable to the Delegate, failing which the Delegate may appoint another process agent for this

purpose. Nothing herein shall affect the right to serve proceedings in any matter permitted by law. The Trustee and Dar Al-Arkan have agreed that failure by a process agent to notify it of any process will not invalidate service.

22. DEFINITIONS

In these Conditions:

Adjustment Spread has the meaning given to it in Condition 7.4.

Alternative Reference Rate has the meaning given to it in Condition 7.4.

Appointee has the meaning given to it in the Master Trust Deed.

Asset Disposition Offer has the meaning given to it in the Guarantee.

Benchmark Amendments has the meaning given to it in Condition 7.4.

Benchmark Event has the meaning given to it in Condition 7.4.

Business Day has the meaning given to it in Condition 7.2.

Certificateholder has the meaning given to it in Condition 1.1.

Certificateholders' Direction means an effective direction by the Certificateholders to the Delegate or the Trustee (as applicable) in the form of either:

(a) an Extraordinary Resolution of Certificateholders; or

(b) for the purposes of a Certificateholders' Direction to be given to dissolve the Trust pursuant to Condition 14.1 or Clause 16.1 of the Master Trust Deed or in respect of any enforcement action to be taken by the Delegate, including without limitation, any action to be taken pursuant to Clause 16 of the Master Trust Deed and Condition 15, a written direction by Certificateholders holding at least 25 per cent. in aggregate face amount of the Certificates then outstanding,

in each case, such direction only to be effective if the Delegate and/or the Trustee (as the case may be) shall be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur, in either case, in relation to such direction.

Certificateholder Put Option Repurchase Offer has the meaning set out in the Guarantee.

Change of Control Offer has the meaning given to it in the Guarantee.

Clearstream, Luxembourg has the meaning given to it in Condition 1.1.

Corporate Services Agreement means the corporate services agreement dated 16 May 2013 and entered into by the Trustee and the Trustee Administrator.

Dar Al-Arkan means Dar Al-Arkan Real Estate Development Company.

Day Count Fraction has the meaning given to it in Condition 6.3 or Condition 7.4, as the case may be.

Determination Period has the meaning given to it in Condition 6.3.

Dispute has the meaning given to it in Condition 21.

Dissolution Amount has the meaning given to it in Condition 8.1.

Dissolution Date has the meaning given to it in Condition 10.7.

Dissolution Event means any of the events specified as such in Condition 14.1.

Dissolution Event Redemption Date has the meaning given to it in Condition 14.1.

Dissolution Request has the meaning given to it in Condition 14.1.

Distribution Shortfall Restoration Amount has the meaning given to it in Condition 4.1.

Early Tax Dissolution Date has the meaning given to it in Condition 10.2.

Euroclear has the meaning given to it in Condition 1.1.

Existing Sukuk Certificates has the meaning given to it in the Supplemental Trust Deed.

Extraordinary Resolution has the meaning given to it in Condition 18.1.

Financial Stability Board has the meaning given to it in Condition 7.4.

Guarantee has the meaning given to it in Condition 4.1.

holder has the meaning given to it in Condition 1.1.

Ijara Agreements means the ijara agreements to be entered into between the Investment Manager and the relevant Restricted Subsidiaries in connection with the Certificates substantially in the form of Part A of Schedule 1 of the Investment Management Agreement, together with the related Sale and Purchase Agreements, Purchase Undertakings and Service Agency Agreements.

Independent Adviser has the meaning given to it in Condition 7.4.

Investment Management Agreement has the meaning given to it in Condition 4.1.

Investment Manager has the meaning given to it in Condition 4.1.

Investment Plan has the meaning given to it in Condition 4.1.

Leased Assets has the meaning given to it in the relevant Ijara Agreement.

Liability means any loss, damage, fee, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or other tax charged or chargeable in respect thereof and properly incurred legal fees and expenses on a full indemnity basis.

Mandatory Offer to Repurchase Certificates has the meaning given to it in Condition 10.4.

Material Adverse Effect has the meaning given to it in the Guarantee.

Murabaha Agreements means the murabaha agreements to be entered into between the Investment Manager, the relevant Restricted Subsidiaries and the commodities broker named therein in connection with the Certificates substantially in the form of Part E of Schedule 1 of the Investment Management Agreement.

Periodic Distribution Amount has the meaning given to it in Condition 6.2.

person means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, limited liability company or government or agency, or political subdivision thereof, or other entity.

Potential Dissolution Event means any event which, with the giving of notice, lapse of time or fulfilment of any other applicable condition (or any combination of any of the foregoing), would constitute a Dissolution Event.

Proceedings has the meaning given to it in Condition 21.

Profit Collections has the meaning given to it in Condition 4.1.

Purchase Undertakings means the purchase undertakings to be entered into by Restricted Subsidiaries as obligors in connection with each Ijara Agreement in favour of the Investment Manager substantially in the form of Part C of Schedule 1 of the Investment Management Agreement.

Rate has the meaning given to it in Condition 7.3.

Record Date has the meaning given to it in Condition 8.1.

Reference Banks has the meaning given to it in Condition 7.3.

Register has the meaning given to it in Condition 1.2.

Registered Office Agreement means the registered office agreement dated 16 May 2013 and entered into by the Trustee and the Trustee Administrator.

Relevant Date has the meaning given to it in Condition 11.

Relevant Jurisdiction has the meaning given to it in Condition 11.

Relevant Nominating Body has the meaning given to it in Condition 7.4.

Relevant Screen Page has the meaning given to it in Condition 7.3.

Reserved Matter means any proposal:

(a) to change any date fixed for payment of a Periodic Distribution Amount or Dissolution Amount in respect of the Certificates, to reduce or cancel the Periodic Distribution Amount or Dissolution Amount payable on any date in respect of the Certificates or, except where such alteration is in the opinion of the Delegate bound to result in an increase in the amount of such payment, to alter the method of calculating the amount of any payment in respect of the Certificates on redemption or maturity;

(b) to effect the exchange, redemption, conversion or substitution of the Certificates for, or exchange the Certificates into, shares, certificates or other securities of the Trustee or any other person or body corporate formed or to be formed (other than as permitted under the Conditions);

(c) to change the currency in which amounts due in respect of the Certificates are payable;

(d) to change the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;

(e) to permit early repayment of the Certificates other than as permitted in the Conditions;

(f) to change the *pari passu* ranking provisions of Condition 4.2;

(g) to amend any of the Trustee's covenants in the Master Trust Deed, Dar Al-Arkan's obligations under the Guarantee, the Investment Manager's obligations under the Investment Management Agreement or any of their respective obligations to make a payment under any Transaction Document to which it is a party;

(h) to change the definition of "outstanding" or modify the provisions contained in the Master Trust Deed, the Conditions or the Global Certificate concerning the quorum required at any meeting of the Certificateholders or the majority required to pass an Extraordinary Resolution;

(i) to change the governing law of the Master Trust Deed, the Conditions and the Global Certificate, the courts of jurisdiction to which the Trustee or Dar Al-Arkan has submitted in the Master Trust Deed, the Conditions and the Global Certificates, or the Trustee's and Dar Al-Arkan's obligation in the Master Trust Deed, the Conditions and the Global Certificate to appoint and maintain an agent for service of process; or

(j) to amend this definition of Reserved Matter.

Restricted Subsidiaries has the meaning given to it in the Guarantee.

Sale and Purchase Agreements means the sale and purchase agreements to be entered into between the Investment Manager and Dar Al-Arkan in connection with any Ijara Agreement substantially in the form of Part B of Schedule 1 of the Investment Management Agreement.

Service Agency Agreements means the service agency agreements to be entered into between the Investment Manager and the relevant Restricted Subsidiaries in connection with any Ijara Agreement substantially in the form of Part D of Schedule 1 of the Investment Management Agreement.

Settlement to Avoid Bankruptcy Law has the meaning given to it in the Guarantee.

sub-unit has the meaning given to it in Condition 6.3.

Successor Rate has the meaning given to it in Condition 7.4.

Sukuk Contract Counterparties means the counterparties to the Sukuk Contracts (other than the Investment Manager).

Sukuk Contracts means the Ijara Agreements (and related Sale and Purchase Agreements, Purchase Undertakings and Service Agency Agreements) and the Murabaha Agreements entered into between the Investment Manager and Restricted Subsidiaries from time to time in connection with the Certificates.

Sukuk Portfolio has the meaning given to it in Condition 4.1.

Sukuk Portfolio Liquidation Proceeds has the meaning given to it in Condition 4.1.

Sukuk Proceeds has the meaning given to it in Condition 4.1.

TARGET Settlement Date has the meaning given to it in Condition 7.2.

Tax Event has the meaning given to it in Condition 10.2.

Taxes shall have the meaning given to it in Condition 11.

Transaction Account means, in relation to each Series, the non-interest bearing account in London in the Trustee's name maintained with the Principal Paying Agent, details of which are specified in the Supplemental Trust Deed.

Trustee Administrator means MaplesFS Limited, a licensed trust company in the Cayman Islands who will provide, amongst other things, corporate administrative services and director services for and on behalf of the Trustee pursuant to the Corporate Services Agreement.

Underlying Value Conditions means the following conditions to be met by the Investment Manager:

(a) proper application of the Sukuk Proceeds in appropriate revenue-generating Sukuk Contracts in accordance with the Investment Management Agreement;

(b) proper monitoring and timely enforcement of the performance of each counterparty under such Sukuk Contracts;

(c) ensuring that each such Sukuk Contract remains in full force and effect whilst any Certificates remain outstanding, unless it expires or is terminated in accordance with its terms, and to the extent that a Sukuk Contract expires or is terminated prior to the Scheduled Dissolution Date and a Dissolution Event Redemption Event, an Early Tax Dissolution Date or an Early Dissolution Date (Trustee Call) (if applicable), as the case may be, has not occurred, ensuring that such Sukuk Contract is replaced by a contract of equal or greater aggregate value (being the amounts payable under the relevant Sukuk Contract by the counterparty to such Sukuk Contract including, without limitation, compliance with limb (i) of the definition of Investment Plan) on the same day of such expiry or termination of the relevant Sukuk Contract, save where an Ijara Agreement has been terminated as a result of a Total Loss (as defined in the Ijara Agreement), in which case a replacement Ijara Agreement will be entered into within six days of the occurrence of such Total Loss; or (ii) any Certificates have been purchased by Dar Al-Arkan and/or any subsidiary thereof and are proposed to be cancelled pursuant to Condition 13,

in which case such Sukuk Contract must be replaced only if and to the extent required to ensure compliance with the terms of the Investment Plan; and

(d) not waiving or forgiving the obligation of any counterparty under any such Sukuk Contract and not entering into any arrangement to dispose at a discount of any rights under any such Sukuk Contract.

Value Restoration Amount has the meaning given to it in Condition 4.1.

USE OF PROCEEDS

Pursuant to the Investment Management Agreement, the net proceeds of each Series will be invested by the Trustee through the Investment Manager to invest in a single portfolio of investments comprising a Sale and Purchase Agreement between Dar Al-Arkan and the Investment Manager, and an Ijara Agreement and Murabaha Agreement entered into between the Investment Manager and other subsidiaries of Dar Al-Arkan, all in accordance with the relevant Investment Plan.

DESCRIPTION OF THE TRUSTEE

General

Dar Al-Arkan Sukuk Company Ltd., a Cayman Islands exempted company with limited liability, was incorporated on 11 April 2013 under the Companies Law (2012 Revision) of the Cayman Islands with company registration number 276880. The Trustee has been established as a special purpose vehicle for the sole purpose of issuing Certificates under the Programme and entering into the transactions contemplated by the Transaction Documents. The registered office of the Trustee is at MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

The authorised share capital of the Trustee is U.S.$50,000 divided into 50,000 ordinary shares of U.S.$1.00 par value each, 250 of which have been issued. All of the issued shares (the Shares) are fully-paid and are held by MaplesFS Limited as share trustee (the Share Trustee) under the terms of a trust deed (the Share Trust Deed) dated 16 May 2013 under which the Share Trustee holds the Shares in trust until the Termination Date (as defined in the Share Trust Deed). Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has the power to benefit Qualified Charities (as defined in the Share Trust Deed). It is not anticipated that any distribution will be made whilst any Certificate is outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Shares.

Business of the Trustee

The Trustee has no prior operating history or prior business other than in connection with the Certificates issued thus far under the Programme and will not have any substantial liabilities other than in connection with the Certificates issued, and to be issued, under the Programme. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 11 April 2013.

Financial Statements

Since the date of its incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

Name:	Principal Occupation:
John Curran	Vice President, Fiduciary at Maples Fund Services (Middle East) Limited
Stacy Bodden	Vice President at MaplesFS Limited

The business address of John Curran is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates. The business address of Stacy Bodden is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

The Administrator

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the **Trustee Administrator**). The office of the Trustee Administrator serves as the general business office of the Trustee.

Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator will perform in the Cayman Islands, the United Arab Emirates and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee and the Trustee Administrator have also entered into a registered office agreement (the **Registered Office Agreement**) for the provision of registered office facilities to the Trustee. In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses. The terms of the Corporate Services Agreement and the Registered Office Agreement provide that either the Trustee or the Trustee Administrator may terminate such agreements upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Agreement provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party with a copy to any applicable rating agency, and the Corporate Services Agreement further provides that the Trustee Administrator may terminate such agreement following the occurrence of a Dissolution Event.

The Trustee Administrator will be subject to the overview of the Trustee's Board of Directors.

The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman KY1-1102, Cayman Islands.

The Directors of the Trustee are all employees or officers of the Trustee Administrator (or an affiliate thereof). The Trustee has no employees and is not expected to have any employees in the future.

SELECTED FINANCIAL DATA

The following tables set forth Dar Al-Arkan's selected financial data as of, and for the years ended, 31 December 2016, 2017 and 2018 and as of and for the six months ended 30 June 2018 and 2019. The selected financial data as of, and for the years ended, 31 December 2016, 2017 and 2018 have been derived from the 2017 and 2018 Audited Financial Statements. The selected financial data as of and for the year ended 31 December 2016 has been derived from the comparative financial information for the year ended 31 December 2016 included in the 2017 Audited Financial Statements.

The selected financial data as of and for the six months ended 30 June 2018 and 2019 have been derived from the Interim Financial Statements. The selected financial data as of and for the six months ended 30 June 2018 has been derived from the comparative financial information as of and for the six months ended 30 June 2018 included in the Interim Financial Statements.

The following selected financial data should be read in conjunction with, and is qualified in its entirety by reference to, the information contained in "*Presentation of Financial and Other Information*", "*Financial Review*" and the Audited Financial Statements and Interim Financial Statements.

Statement of Financial Position

	As of 31 December (Audited)		
	2016	**2017**	**2018**
		SAR '000	
Cash and cash equivalents	582,088	3,159,666	4,903,491
Investment properties, net	3,424,778	3,290,010	1,693,141
Long-term development properties	16,721,061	14,751,565	14,148,262
Total assets	24,485,774	26,241,305	26,747,317
Total borrowings[(2)]	5,215,370	6,398,982	6,580,790
Total liabilities	6,308,267	7,507,755	8,041,984
Total shareholders equity	18,177,507	18,733,550	18,705,333

Notes:

(1) Long-term development properties represents only the portion of development properties completed, developed and under-development properties.

(2) Total borrowings represent borrowings-long-term maturity portion and borrowings-short-term maturity portion, as reflected in the consolidated statement of financial position of Dar Al-Arkan.

	As of 30 June (Reviewed)	
	2018	**2019**
	SAR '000	
Cash and cash equivalents	4,937,628	3,471,855
Investment properties, net	3,254,929	1,673,459
Long-term development properties	12,017,631	14,749,018
Total assets	26,533,532	25,953,578
Total borrowings[(2)]	6,728,946	5,716,370
Total liabilities	7,900,262	7,147,777
Total shareholders equity	18,633,270	18,805,801

Notes:

(1) Long-term development properties represents only non-current portion of development properties completed, developed and underdevelopment properties.

(2) Total borrowings represent borrowings-long-term maturity portion and borrowings-short-term maturity portion, as reflected on the consolidated statement of financial position of Dar Al-Arkan.

Statement of Income Data

	Year ended 31 December (Audited)		
	2016	**2017**	**2018**
		SAR '000	
Revenue	1,870,229	4,734,682	6,412,265
Cost of sales	(1,078,286)	(3,620,672)	(5,355,114)
Gross profit	**791,943**	**1,114,010**	**1,057,151**
General and administrative expenses	(160,028)	(162,002)	(168,942)
Operating profit	**631,915**	**952,008**	**888,209**
Finance costs	(385,984)	(441,523)	(511,652)
Other income, net	(32)	36,722	129,866
Share of net profit from associates and joint ventures	12,878	20,604	15,432
Profit before zakat	**258,777**	**567,811**	**521,855**
Zakat and tax expense	(7,943)	(14,443)	(13,046)
Net profit for the year	250,834	553,368	508,809
Other comprehensive income	**-**	2,675	2,974
Total comprehensive income for the year	**250,834**	**556,043**	**511,783**
Total comprehensive income attributable to:			
Dar Al-Arkan shareholders	**250,834**	**556,043**	**511,783**

	Six months ended 30 June (Reviewed)	
	2018	**2019**
	SAR '000	
Revenue	4,578,713	1,751,526
Cost of sales	(3,837,928)	(1,390,522)
Gross profit	**740,785**	**361,004**
General and administrative expenses	(85,518)	(86,119)
Operating profit	**655,267**	**274,885**
Finance costs	(264,244)	(236,103)
Other income, net	58,711	64,960
Share of net profit from associates and joint ventures	1,261	(698)
Profit before zakat	**450,995**	**103,044**
Zakat and tax expense	(11,275)	(2,576)
Net profit for the year	**439,720**	**100,468**
Other comprehensive income	-	-
Total comprehensive income for the year	**439,720**	**100,468**
Total comprehensive income attributable to:		
Dar Al-Arkan shareholders	**439,720**	**100,468**

FINANCIAL REVIEW

The following is a review of Dar Al-Arkan's financial condition and results of operations as of and for the years ended 31 December 2016, 2017 and 2018 and as of and for the six months ended 30 June 2018 and 2019. The following review should be read in conjunction with the information in "Presentation of Financial and Other Information" of this Base Prospectus and the Audited Financial Statements.

The following discussion contains forward looking statements. Dar Al-Arkan's actual results could differ materially from those anticipated in these forward looking statements as a result of various factors including those discussed below and elsewhere in this Base Prospectus, particularly those discussed in the "Risk Factors" section of this Base Prospectus.

Overview

Dar Al-Arkan is a leading real estate developer in the Kingdom and is involved in all major aspects of real estate development, including sourcing and purchasing land, overseeing design and construction of developments and marketing and sales. Dar Al-Arkan is a joint stock company registered in Riyadh with commercial registration number 1010160195. The shares of Dar Al-Arkan are listed on the Tadawul All Share Index of the Saudi Stock Exchange. Dar Al-Arkan's registered office is PO Box 105633, Riyadh, 11656, Saudi Arabia. In addition to its head office in Riyadh, Dar Al-Arkan has three branch offices located in Makkah, Jeddah and Madinah.

Dar Al-Arkan currently operates in three strategic business segments, as follows:

- ***Real Estate Development***: comprising (i) land development projects, which focuses on the planning and developing of basic infrastructure for residential and commercial use on undeveloped land and (ii) residential and commercial projects, which focuses on the development and sale of residential and commercial units.

- ***Property Management***: focuses on the management of Dar Al-Arkan's investment properties.

- ***Real Estate Development Related Investments***: focuses on minority investments in companies that are complementary to Dar Al-Arkan's real estate development operations.

As of the date of this Base Prospectus, the Real Estate Development (comprising land development projects and residential and commercial projects) business segment currently accounts for the significant majority of Dar Al-Arkan's business.

During the year ended 31 December 2018, revenue from land development projects, which for accounting and financial reporting purposes is accounted for as sales of development properties, accounted for SAR 6.25 billion (U.S.$1,669 million), or 97.50 per cent. of Dar Al Arkan's total revenue, compared to SAR 4.56 billion (U.S.$1,219 million), or 96.38 per cent. of revenue, in the year ended 31 December 2017. During the year ended 31 December 2018, there was no significant revenue from the sale of commercial properties, although Sales of Residential Properties, accounted for SAR 24.83 million (U.S.$6.63 million), or 0.39 per cent. of Dar Al Arkan's total revenue compared to SAR 21.42 million (U.S.$5.72 million), or 0.45 per cent. of revenue, in the year ended 31 December 2017. Revenue from property management which, for accounting and financial purposes, is accounted for as leasing of properties accounted for SAR 135.78 million (U.S.$36.26 million), or 2.12 per cent. of Dar Al Arkan's total revenue in the year ended 31 December 2018, compared to SAR 149.86 million (U.S.$40.02 million), or 3.17 per cent. of revenue, in the year ended 31 December 2017. There were no significant revenue from real estate development related investments in the years ended 31 December 2017 or 2018.

During the six months ended 30 June 2019, revenue from land development projects, which for accounting and financial reporting purposes is accounted for as sales of land, accounted for SAR 1.62 billion (U.S.$0.43 billion), or 92.50 per cent. of Dar Al Arkan's total revenue, compared to SAR 4.50 billion (U.S.$1,202 million), or 98.31 per cent. of revenue, in the six months ended 30 June 2018. During the six months ended 30 June 2019, there was no significant revenue from the sale of commercial properties, although revenue from residential projects, which for accounting and financial reporting purposes is accounted for as sales of residential properties, accounted for SAR 61.28 million (U.S.$16.36 million), or 3.50 per cent. of Dar Al Arkan's total revenue compared to SAR 9.25 million (U.S.$2.47 million), or 0.20 per cent. of revenue, in the six months ended 30 June 2018. Revenue from

property management, which for accounting and financial reporting purposes is accounted for as leasing of properties, accounted for SAR 70.14 million (U.S.$18.73 million), or 4.00 per cent. of Dar Al Arkan's total revenue in the six months ended 30 June 2019, compared to SAR 68.10 million (U.S.$18.18 million), or 1.49 per cent. of revenue, in the six months ended 30 June 2018. There were no significant revenue from real estate development related investments in the six months ended 30 June 2019 or 2018.

Certain factors affecting Dar Al-Arkan's Financial Condition and Results of Operations

Macroeconomic and other trends in the Kingdom

All of Dar Al-Arkan's current land bank and all of its past and current land development projects and residential and commercial projects are located in the Kingdom. As a result, macroeconomic, demographic and other trends relating to the Kingdom have impacted and will continue to impact Dar Al-Arkan's operating profit from period to period.

The economy of the Kingdom is largely dependent on the price of oil. The oil sector accounted for 43.2 per cent. and 43 per cent. of Saudi Arabia's real GDP and 33.6 per cent. and 28.5 per cent. of Saudi Arabia's nominal GDP in the years ended 31 December 2018 and 2017, respectively, while oil revenues accounted for 67.9 per cent. and 63 per cent. of total Government revenues in the fiscal years 2018 and 2017, respectively.

Historically, the price of oil has been volatile and over the past two decades international oil prices have fluctuated significantly. More recently, international oil prices have witnessed a significant decline since mid-2014, with the OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) declining from a monthly average of U.S.$107.89 in June 2014 to a monthly average of U.S.$26.50 in January 2016, before partially recovering to a monthly average of U.S.$59.62 in August 2019. The price per barrel of Arabian Light Crude Oil (which is produced by the Kingdom and constitutes part of the OPEC Reference Basket) has also moved in line with these trends.

The population of Saudi Arabia is estimated by the GASTAT to be 32.6 million as of 31 July 2017, representing growth of 2.6 per cent. as compared to 31.8 million as of 31 July 2016. Saudi nationals comprised 20.4 million, or 62.6 per cent. of the total population, and non Saudi nationals comprised 12.2 million, or 37.4 per cent. of the total population as of 31 July 2017. Saudi Arabia has a young population, with over half of Saudi nationals being under the age of 30 and 30.4 per cent. under the age of 15.

As the Saudi population is increasing, average household sizes are declining. According to Al Ahli Bank in its "Saudi Housing Sector Overview", the average household size will be 5.28 people by 2020, compared to 6.1 people in 1992, as families become more concentrated compared to the more traditional "extended family" arrangements prevalent in the Kingdom. These factors are expected to create a need in the Kingdom for approximately 3.0 million new homes by 2025 according to the Saudi Arabian Ministry of Housing. In addition, the middle-income market segment of the population in the Kingdom is expected to grow due in part to Government initiatives such as the establishment of new universities and regulations that require companies in the Kingdom to employ a certain number of citizens of the Kingdom as well as a result of the growth of the Saudi labour force.

As of 31 December 2017, the total labour force in Saudi Arabia was 13.6 million, of which 11.3 million, or 83.6 per cent., were male and 2.2 million, or 16.4 per cent., were female. Saudi nationals in the age group from 25 to 39 years constituted 55.8 per cent. of the Saudi labour force as of 31 March 2017. The accommodation of more female Saudi citizens in the Saudi workforce, especially the private sector, has contributed to the rise in the Saudi labour force.

In recent years a home finance market has started to develop in the Kingdom that has begun to address housing needs for Saudis with the major impediment to home ownership being affordability and access to finance. Fundamental demand for housing however remains high and an additional 110,000 housing units are expected to be required in order to meet demand for the period 2017 to 2020. This implies a shortage of about 70,000 housing units per year given development projections for the period 2017 to 2020. At the beginning of 2013 SAMA published five laws which together are intended to create the new Real Estate and Financing Law in the Kingdom. These five laws are: (i) the Real Estate Financing Law; (ii) the Financial Leasing Law; (iii) the Supervision of

Finance Companies Law; (iv) the Execution Law; and (v) the Registered Real Estate Mortgage Law. SAMA has published the implementing regulations of four of these laws, the Real Estate Financing Law; the Financial Leasing Law; the Supervision of Finance Companies Law and the Execution Law. The implementing regulations in respect of the Registered Real Estate Mortgage Law is yet to be published.

The Real Estate Financing Law requires a real estate financing company to obtain a special license from SAMA permitting it to engage only in real estate financing activities. According to the Supervision of Finance Companies Law, a real estate financing company may not engage in other types of financing activities.

The laws were introduced to positively impact the home financing market in the Kingdom, particularly among the middle-income market segment, with an increase in access to, and the availability of, home financing options.

In February 2016, SAMA increased the limit on real estate financing from 70 per cent. to 85 per cent. of the value of a home (effectively reducing the minimum required downpayment on a home from 30 per cent. to 15 per cent.), on the basis that the previous requirement had resulted in a market slowdown and was prohibitive to many low-to middle-income Saudi nationals. In January 2017, SAMA allowed lenders to implement the change in mortgage loan limit.

The Real Estate Development Fund (**REDF**) has launched several financing programmes to help Saudi nationals own homes, including the Additional Financing Programme, the Accelerated Loan Programme and the Dhamin Programme. According to the SAMA Report, total outstanding loans disbursed by the REDF amounted to SAR 153.5 billion (U.S.$40.99 billion) at the end of 2018, a decrease of 2.4 per cent. over the preceding year. During 2017, REDF provided loans in an amount of SAR 157.2 billion, a 0.3 per cent. decrease compared to the same period of the preceding year.

According to SAMA, total real estate loans from commercial banks amounted to SAR 228 billion (58 per cent. of these loans for retail, and 42 per cent. for corporate) at the end of the third quarter of 2018, recording YOY growth of 7.3 per cent., driven by subsidised loans for government housing programs. Real estate loans by finance companies amounted to SAR 15.5 billion (83 per cent. of these loans for retail) by the end of the third quarter of 2018, recording an increase of 8.1 per cent. compared to the same period last year.

Another recent development in the housing sector is the establishment of Bidaya Home Finance, a real estate financing company established in 2015 and licensed by SAMA that offers a number of home financing products to middle-income home buyers across the Kingdom. Bidaya enables home ownership by requiring its clients to make a down payment of only 15 per cent. of the purchase price of the relevant property while the remaining amount is financed by Bidaya.

The establishment of the SREFC, a company owned by the PIF, pursuant to the Real Estate Financing Law is expected to boost the real estate sector by refinancing residential mortgages up to an amount of SAR 75 billion over the next 5 years. It is expected that the SREFC will provide mortgage originating institutions with short, medium and long-term lending solutions and also purchase finance lease portfolios from these institutions in order to fund its operations and future growth.

Other Government initiatives expected to boost the real estate sector include the establishment of the "Etmam" e-portal, which will be used to facilitate the obtaining of approvals for project planning thereby expediting the planning permission process and improving the execution of the development process.

Management believes that these financing initiatives will contribute to an increase in demand for housing, which, amongst other things, could affect the average selling price of residential units, including those sold pursuant to Dar Al-Arkan's residential and commercial projects.

For a more detailed discussion of macroeconomic and other trends in the Kingdom and the real estate development sector of the Kingdom, see "*Overview of the Kingdom*" and "*Overview of the Real Estate Sector in the Kingdom*".

White land tax

On 13 June 2016, the Council of Ministers approved a tax on vacant land in various municipalities across the Kingdom, which was implemented in March 2017. This tax, along with a tax on high-end properties, is intended

to discourage investment in land solely for capital appreciation purposes and speculative buying of land. It is intended that the new law will encourage expenditure on low-income and middle-income housing and increase residential development. At a rate of 2.5 per cent., the 'white land' tax has, since March 2017, been applied to undeveloped land plots of over 10,000 square metres, located within approved master planned developments specified by the Ministry of Housing. The Ministry of Housing is responsible for valuing the land and collecting the tax, in addition to imposing fines. Land valuation is based on factors including location, zone, surface condition, applicable building requirements, access to utilities and general neighbouring services. The application of the white land tax to serviced urban land is expected to address the supply side concerns by increasing the availability of land for development which otherwise would be lying vacant for speculative purposes.

Management continuously reviews Dar Al Arkan's inventory of land and disposes of plots that it considers non-core to Dar Al Arkan's real estate development operations. In 2018, Dar Al-Arkan received an initial assessment notice for SAR 22 million on certain land parcels in Jeddah and Riyadh. Dar Al-Arkan filed an objection to the notice on the grounds of non-applicability, citing that the land parcels are under development. Dar Al-Arkan received an unconditional waiver for the Jeddah land tax amounting to SAR 13 million and discussions with the relevant authorities are still ongoing with respect to the Riyadh land tax.

As of 30 June 2019, Dar Al-Arkan's development properties consisted of SAR 15.09 billion (U.S.$4.03 billion) including project lands and properties of SAR 5.20 billion (U.S.$1.39 billion), all of which was valued on its balance sheet at cost. The majority of Dar Al-Arkan's development properties are geographically diversified within the Kingdom.

Number of land development projects sold

Land Development Project revenue is generated from the sale of land. Dar Al-Arkan recognises revenue for the total sales price of land at the time of the legal completion of the sale, which is when the sales contract is signed. Typically, a deposit is received from the buyer at the time the sales contract is signed. The balance of the sales price is typically paid within a three month period after the sales contract is signed. Land Development Project revenue may vary from period to period depending on the number and timing of sales contracts signed during a period.

Number and type of residential units delivered to buyers

Residential and Commercial Project revenue is generated from the sale of residential units. Dar Al-Arkan recognises revenue from the sale of residential units when it delivers a completed residential unit to a buyer. Revenue from residential and commercial projects may vary from period to period depending on the number and type of residential units delivered during a period.

Dar Al-Arkan's master-planned communities contain more residential units than its past projects but they also have longer development cycles than past projects. In addition, Dar Al-Arkan has continued to expand its business to include property management by retaining certain residential units on its master-planned communities as rental properties. Dar Al-Arkan has retained 815 units of residential property and, as of 31 December 2018, 100 per cent. of these units have been rented. The longer development cycles of Master Planned Communities and the mix of residential units delivered for sale and retained as rental properties on master-planned communities may result in fluctuations in revenue from residential and commercial projects from period to period.

Revenue from residential and commercial projects may also fluctuate from period to period due to the market segment targeted by different projects and the type of residential units contained on projects. Certain of Dar Al-Arkan's residential and commercial projects are targeted toward the higher end of the middle-income segment, while others are targeted towards the lower end of the middle-income segment. Dar Al-Arkan's projects may also contain different mixes of residential units, such as various types of villas and apartments. Villas typically generate a higher average selling price per unit than apartments.

Revenue from land development projects and residential and commercial projects

Land Development Project and Residential and Commercial Project revenue may vary from period to period depending on the location of land sold and the location of the residential and commercial projects in which

residential units were sold during the periods. Sales prices can vary depending on a number of factors relating to the location of land or residential and commercial projects, infrastructure development status, size of the property offered, the region in which they are located and their proximity to, or location within, major cities.

Cost of land and construction

Dar Al-Arkan's cost of sales primarily consists of land acquisition costs and amounts paid to contractors. Dar Al-Arkan recognises cost of sales for its land development projects and residential and commercial projects in the same periods in which it recognises revenue from sales from the related projects. Therefore, cost of sales for a particular period may include costs incurred in prior periods. Dar Al-Arkan generally contracts to develop residential and commercial projects in different phases, which limits its overall cost exposure to projects and provides flexibility to react to market demands in the development of projects. Amounts paid to contractors are affected by construction costs, such as costs of labour and costs of construction materials. Dar Al-Arkan's cost of sales and gross profit may fluctuate from period to period due to volatility in such construction costs.

In recent years, volatility in construction costs has affected Dar Al-Arkan's cost of sales from period to period. However, such volatility has not affected negatively gross profit during these periods as Dar Al-Arkan was generally able to reflect the cost increases in its sales prices. Management expects continued volatility in construction costs and this could cause period to period fluctuations in cost of sales and gross profit.

Mix of land development projects and residential and commercial projects

Due to the cost of inputs associated with completing land development projects relative to those required for developing residential and commercial projects, the gross margins from land development projects tend to be higher than gross margins from residential and commercial projects. As a result, Dar Al-Arkan's gross margins may fluctuate from period to period depending on the mix of revenue and cost of sales recognised from land development projects and commercial and residential projects during the periods.

Results of operations

The following table sets forth certain summary financial data for the years ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2018 and 2019.

	Year ended 31 December (Audited)		
	2016	**2017**	**2018**
		SAR '000	
Revenue	1,870,229	4,734,682	6,412,265
Cost of sales	(1,078,286)	(3,620,672)	(5,355,114)
Gross profit	**791,943**	**1,114,010**	**1,057,151**
General and administrative expenses	(160,028)	(162,002)	(168,942)
Operating profit	**631,915**	**952,008**	**888,209**
Finance costs	(385,984)	(441,523)	(511,652)
Other income, net	(32)	36,722	129,866
Share of net profit from associates and joint ventures	12,878	20,604	15,432
Profit before zakat	**258,777**	**567,811**	**521,855**
Zakat and tax expense	(7,943)	(14,443)	(13,046)
Net profit for the year	**250,834**	**553,368**	**508,809**
Other comprehensive income	**-**	2,675	2,974
Total comprehensive income for the year	**250,834**	**556,043**	**511,783**
Total comprehensive income attributable to:			
Dar Al-Arkan shareholders	**250,834**	**556,043**	**511,783**

	Six months ended 30 June (Reviewed)	
	2018	**2019**
	SAR '000	
Revenue	4,578,713	1,751,526
Cost of sales	(3,837,928)	(1,390,522)
Gross profit	**740,785**	**361,004**
General and administrative expenses	(85,518)	(86,119)
Operating profit	**655,267**	**274,885**
Finance costs	(264,244)	(236,103)
Other income, net	58,711	64,960

Share of net profit from associates and joint ventures.....	1,261	(698)
Profit before zakat.....	**450,995**	**103,044**
Zakat and tax expense	(11,275)	(2,576)
Net profit for the year	**439,720**	**100,468**
Other comprehensive income	-	-
Total comprehensive income for the year.....	**439,720**	**100,468**
Total comprehensive income attributable to:		
Dar Al-Arkan shareholders.....	**439,720**	**100,468**

The following table sets forth certain summary financial data relating to Dar Al-Arkan's core reporting segments: Sales of Land, Sale of Residential Properties and Leasing of Properties, for the years ended 31 December 2016, 2017 and 2018.

	Year ended 31 December (Audited)		
	2016	**2017**	**2018**
		(SAR '000)	
Sales of Development Properties revenue.....	1,724,681	4,563,391	6,251,657
Contribution to total revenue (per cent.).....	92.22 per cent.	96.38 per cent.	97.50 per cent.
Sales of Residential Properties revenue	-	21,428	24,830
Contribution to total revenue (per cent.).....	-	0.45 per cent.	0.39 per cent.
Leasing of Properties revenue[(1)].....	145,548	149,863	135,778
Contribution to total revenue (per cent.).....	7.78 per cent.	3.17 per cent.	2.12 per cent.
Total revenue from operations.....	**1,870,229**	**4,734,682**	**6,412,265**
Sales of Development Properties cost of sales	1,004,809	3,534,439	5,264,418
Sales of Residential Properties cost of sales .	-	14,354	20,529
Leasing of Properties cost of sales.....	73,477	71,879	70,167
Total cost of sales.....	**1,078,286**	**3,620,672**	**5,355,114**
Gross profit for Sales of Development Properties	719,872	1,028,952	987,239
Gross profit for Residential Properties.....	-	7,074	4,301
Gross profit for Leasing of Properties[(1)].....	72,071	77,984	65,611
Total gross profit	**791,943**	**1,114,010**	**1,057,151**
Gross margin for Sales of Development Properties (per cent.).....	41.74 per cent.	22.55 per cent.	15.79 per cent.
Gross margin for Sale of Residential Properties (per cent.).....	-	33.01 per cent.	17.32 per cent.
Gross margin for Leasing of Properties (per cent.)[(1)]	49.52 per cent.	52.04 per cent.	48.32 per cent.
Total gross margin (per cent.).....	**42.34 per cent.**	**23.53 per cent.**	**16.49 per cent.**

The following table sets forth certain summary financial data relating to Dar Al-Arkan's core reporting segments: Sales of Land, Sale of Residential Properties and Leasing of Properties, for the six months ended 30 June 2018 and 2019.

	Six months ended 30 June (Reviewed)	
	2018	**2019**
	(SAR '000)	
Sales of Development Properties revenue.....	4,501,367	1,620,106
Contribution to total revenue (per cent.).....	98.31 per cent.	92.50 per cent.
Sales of Residential Properties revenue	9,247	61,277
Contribution to total revenue (per cent.).....	0.20 per cent.	3.50 per cent.
Leasing of Properties revenue[(1)].....	68,099	70,143
Contribution to total revenue (per cent.).....	1.49 per cent.	4.00 per cent.
Total revenue from operations.....	**4,578,713**	**1,751,526**
Sales of Development Properties cost of sales	3,796,709	1,312,433
Sales of Residential Properties cost of sales ..	6,138	55,602
Leasing of Properties cost of sales.....	35,081	22,487
Total cost of sales.....	**3,837,928**	**1,390,522**
Gross profit for Sales of Development Properties	704,658	307,673
Gross profit for Residential Properties.....	3,109	5,675
Gross profit for Leasing of Properties[(1)].....	33,018	47,656
Total gross profit	**740,785**	**361,004**
Gross margin for Sales of Development Properties (per cent.).....	15.65 per cent.	18.99 per cent.
Gross margin for Sale of Residential Properties (per cent.).....	33.62 per cent.	9.26 per cent.

	Six months ended 30 June (Reviewed)	
	2018	2019
	(SAR '000)	
Gross margin for Leasing of Properties (per cent.)[(1)]	48.49 per cent.	67.94 per cent.
Total gross margin (per cent.)	**16.18 per cent.**	**20.61 per cent.**

The following table sets forth certain additional data relating to the Sales of Development Properties and Sales of Residential Properties, for the years ended 31 December 2016, 2017 and 2018.

	Year ended 31 December (Audited)		
	2016	2017	2018
Sales of Devclopment Properties			
Weighted average selling price/sq.m. (SAR)	555	514	468
Weighted average cost of sales/sq.m. (SAR)	323	398	391
Residential Properties			
Units sold	-	23	30
Average selling price of units sold (SAR '000)	-	932	828
Average costs of units sold (SAR '000)	-	624	684
Residential area sold (sq.m.)	-	5,782	8,933
Weighted average selling price/sq.m. (SAR)	-	3,705	2,780

Results of Operations for the Six Months Ended 30 June 2019 compared to the Six Months Ended 30 June 2018

Revenue

Total revenue for the six months ended 30 June 2019 was SAR 1.75 billion (U.S.$0.47 billion), a 61.75 per cent. decrease compared to total revenue of SAR 4.58 billion (U.S.$1,223 million) for the six months ended 30 June 2018. This decrease was primarily as a result of decrease in Sales of Development Properties.

Revenue from the Sales of Development Properties for the six months ended 30 June 2019 was SAR 1.62 billion (U.S.$0.43 billion), a 64.01 per cent. decrease compared to revenue from the Sales of Development Properties of SAR 4,501 million (U.S.$1,202 million) for the six months ended 30 June 2018. Notwithstanding higher gross margins, the decrease in revenue from the Sales of Development Properties was primarily due to lower volumes sold of development properties during the six months ended 30 June 2019 as compared to the six months ended 30 June 2018. The lower sales volumes of development properties during the six months ended 30 June 2019 is primarily as a result of a reduction in the very high demand for development properties located in the peripheral areas of major cities in the Kingdom experienced during the six months ended 30 June 2018, which was driven by the implementation of VAT and the white land tax. This heightened level of demand during the six months ended 30 June 2018 was not maintained during the six months ended 30 June 2019, resulting in lower sales volume for the six months ended 30 June 2019.

Revenue from the Sales of Residential Properties for the six months ended 30 June 2019 was SAR 61.28 million (U.S.$16.36 million), 562.67 per cent. increase compared to revenue from Sales of Residential Properties of SAR 9.25 million (U.S.$2.47 million) for the six months ended 30 June 2018. The increase was primarily due to re-the branding of the Parisiana community and associated targeted marketing strategies.

Revenue from the Leasing of Properties increased in the six months ended 30 June 2019 to SAR 70.14 million (U.S.$18.73 million), an increase of 3.00 per cent. compared to revenue from the Leasing of Properties of SAR 68.10 million (U.S.$18.18 million) for the six months ended 30 June 2018. This increase was primarily due to the growing occupancy ratios of properties in Dar Al Arkan's residential and commercial projects.

Cost of Sales

Total cost of sales for the six months ended 30 June 2019 was SAR 1.39 billion (U.S.$371.30 million), a 63.77 per cent. increase compared to total cost of sales of SAR 3.84 billion (U.S.$1,024.81 million) for the six months ended 30 June 2018. This was primarily due to the decrease in the cost of sales for the Sales of Development Properties.

The cost of sales for the Sales of Development Properties for the six months ended 30 June 2019 was SAR 1.31 billion (U.S.$350.45 million), a 65.43 per cent. decrease compared to the cost of sales for the Sales of Development Properties of SAR 3.80 billion (U.S.$1,013.81 million) for the six months ended 30 June 2018. The decrease was primarily due to the lower volumes sold of development properties in the six months ended 30 June 2019 as compared to the six months ended 30 June 2018.

The costs of sales for the Sales of Residential Properties for the six months ended 30 June 2019 was SAR 55.60 million (U.S.$14.85 million), a 805.87 per cent. increase compared to the cost of sales for the Residential Properties of SAR 6.14 million (U.S.$1.64 million) for the six months ended 30 June 2018. The increase was primarily due to the increase in sales volumes of residential properties in the six months ended 30 June 2019 as compared to the six months ended 30 June 2018.

The cost of sales for the Leasing of Properties for the six months ended 30 June 2019 was SAR 22.49 million (U.S.$6.01 million), a 35.90 per cent. decrease compared to the cost of sales for the Leasing of Properties of SAR 35.08 million (U.S.$9.37 million) for the six months ended 30 June 2018. The decrease in cost of sales for the Leasing of Properties for the six months ended 30 June 2018 was primarily due to the reclassification of investment properties to Development Properties.

Gross Profit

Total gross profit for the six months ended 30 June 2019 was SAR 361.01 million (U.S.$96.40 million), a 51.27 per cent. decrease compared to total gross profit of SAR 740.79 million (U.S.$197.81 million) for the six months ended 30 June 2018. This was primarily due to decrease in gross profit from the Sales of Development Properties.

Gross profit from the Sales of Development Properties for the six months ended 30 June 2019 was SAR 307.67 million (U.S.$82.16 million), a 56.34 per cent. decrease compared to gross profit from the Sales of Development Properties of SAR 704.66 million (U.S.$188.16 million) for the six months ended 30 June 2018. This decrease was primarily due to decrease in revenue from the Sales of Development Properties which was offset by higher margins for the six months ended 30 June 2019.

Gross profit from the Sales of Residential Properties for the six months ended 30 June 2019 was SAR 5.68 million (U.S.$1.52 million), a 82.53 per cent. increase compared to gross profit from the Sales of Residential Properties of SAR 3.11 million (U.S.$0.83 million) for the six months ended 30 June 2018. This increase was primarily due to an increase in revenue from the Sales of Residential Properties as discussed above.

Gross profit from the Leasing of Properties for the six months ended 30 June 2019 was SAR 47.66 million (U.S.$12.73 million), a 44.33 per cent. increase compared to the gross profit from the Leasing of Properties of SAR 33.02 million (U.S.$8.82 million) for the six months ended 30 June 2018. This increase was primarily due to the decrease in cost of sales from Leasing of Properties as discussed above.

Income from Operating Activities

Income from operating activities for the six months ended 30 June 2019 was SAR 274.89 million (U.S.$73.40 million), a 58.05 per cent. decrease compared to SAR 655.27 million (U.S.$174.97 million) in the six months ended 30 June 2018. This was attributable mainly to a decrease in gross profit due to decrease in Development Properties revenue for the six months ended 30 June 2019.

Total operating expense for the six months ended 30 June 2019 was SAR 86.12 million (U.S.$23.00 million), a 0.70 per cent. increase compared to SAR 85.52 million (U.S.$22.84 million) in the six months ended 30 June 2018.

Finance Costs

Finance costs for the six months ended 30 June 2019 were SAR 236.10 million (U.S.$63.05 million), a 10.65 per cent. decrease compared to SAR 264.24 million (U.S.$70.56 million) for the six months ended 30 June 2018.

This decrease was primarily attributed to lower average borrowings for the six months ended 30 June 2019. The total weighted average effective annual commission rate on Dar Al-Arkan's total financing facilities was 6.69 per

cent. for the six months ended 30 June 2019, a 36 bps. decrease compared to the weighted average effective annual commission rate of 7.05 per cent. during the six months ended 30 June 2018.

Zakat Expense

Zakat expense for the six months ended 30 June 2019 was SAR 2.58 million (U.S.$0.69 million), a 77.15 per cent. decrease compared to SAR 11.28 million (U.S.$3.01 million) for the six months ended 30 June 2018. The decrease was directly related to a decrease in the profit before zakat for the six months ended 30 June 2019, resulting in less zakat becoming payable.

Net Income

Net income for the six months ended 30 June 2019 was SAR 100.47 million (U.S.$26.83 million), a 77.15 per cent. decrease compared to SAR 439.72 million (U.S.$117.42 million) for the six months ended 30 June 2018. This increase was due to the changes in the items discussed above.

Results of Operations for the Year ended 31 December 2018 compared to the Year ended 31 December 2017

Revenue

Total revenue for the year ended 31 December 2018 was SAR 6.41 billion (U.S.$1.71 billion), a 35.43 per cent. increase compared to total revenue of SAR 4.73 billion (U.S.$1.26 million) for the year ended 31 December 2017. This increase was primarily as a result of increased revenue from the Sale of Development Properties. Notwithstanding lower gross margins, the increase of revenue from the Sales of Development properties was primarily due to higher volumes sold of Development Properties during the year ended 31 December 2018 as compared to the year ended 31 December 2017.

Revenue from the Sales of Development Properties for the year ended 31 December 2018 was SAR 6.25 billion (U.S.$1.67 billion), a 37.0 per cent. increase compared to revenue from the Sales of Development Properties of SAR 4.56 billion (U.S.$1.22 billion) for the year ended 31 December 2017.

Revenue from the Sales of Residential Properties for the year ended 31 December 2018 was SAR 24.83 million (U.S.$6.63 million), a 15.88 per cent. increase compared to revenue from the Sales of Residential Properties of SAR 21.43 million (U.S.$5.72 million) for the year ended 31 December 2017. The increase was primarily due to higher number of units sold during the year ended 31 December 2018.

Revenue from the Leasing of Properties decreased in the year ended 31 December 2018 to SAR 135.78 million (U.S.$36.26 million), a decrease of 9.40 per cent. compared to revenue from the Leasing of Properties of SAR 149.86 million (U.S.$40.12 million) for the year ended 31 December 2017. This decrease was primarily due to the lower occupancy ratios of properties in Dar Al Arkan's residential and commercial projects.

Cost of Sales

Total cost of sales for the year ended 31 December 2018 was SAR 5.36 billion (U.S.$1.43 billion), a 47.90 per cent. increase compared to total cost of sales of SAR 3.62 billion (U.S.$966.80 million) for the year ended 31 December 2017. This was primarily due to the increase in the cost of sales for the Sales Development Properties.

The cost of sales for the Sales of Development Properties for the year ended 31 December 2018 was SAR 5.26 billion (U.S.$1.41 million), a 48.95 per cent. increase compared to the cost of sales for the Sales of Land of SAR 3.53 billion (U.S.$943.78 million) for the year ended 31 December 2017. The increase in cost of sales for the sales of Development Properties was primarily due to higher volumes sold of Development Properties during the year ended 31 December 2018 as compared to the year ended 31 December 2017.

The costs of sales for the Sales of Residential Properties for the year ended 31 December 2018 was SAR 20.53 million (U.S.$5.48 million), a 43.02 per cent. increase compared to the cost of sales for the Sales of Residential Properties of SAR 14.35 million (U.S.$3.83 million) for the year ended 31 December 2017.

Mr. Anand Raheja (Chief Executive Officer)

Mr. Anand (Andy) Raheja was promoted to the role of Chief Executive Officer (CEO) in June 2019. He previously served as Chief Financial Officer (CFO) since May 2018. Mr. Raheja has more than 30 years of experience working with the largest real estate companies and accounting and auditing firms in the Middle East, US, UK and India. Mr. Raheja holds a Master's degree in Finance from New York University and is Chartered Accountant from India.

Mr. Sharif Saleem (CEO – Development)

Mr. Sherif Saleem joined Dar Al-Arkan in May 2019 as the company's CEO – Development. Mr. Saleem brings more than 30 years of experience in the real estate development with particular experience in the areas of masterplanning, designing, development and sales of all real estate products. Over the last 15 years, Mr. Saleem has led some of the most reputable international consultants and real estate development firms in the MENA region. Mr. Saleem is also a serving board member of multiple international consultancy firms, real estate funds and real estate development companies. Prior to joining Dar Al-Arkan, Mr. Saleem served as technical advisor for national projects of the Prime Minster and the Minster of Housing of Egypt. This role has provided him the opportunity to lead and direct the design and development of some of the biggest new Egyptian cities.

Mr. Mohamed Galal (CEO – Property Management)

Mr. Mohamed Galal is a pioneering global executive in retail management, and joined Dar Al-Arkan in July 2018. As founder and CEO of TSM, Mr. Galal spent the last decade advising mall and retail operators in Egypt, France, Saudi Arabia, UAE and Erbil on innovative iconic developments and best practice implementation. Prior to that, Mr. Galal held many roles in commercial real estate development, most notably as country head in Egypt for Majid Al Futaim Group where he was instrumental in leading the expansion of Carrefour and City Centre Malls into the Egyptian market.

Mr. Jean Lahoud (Chief Operating Officer)

Mr. Jean Lahoud joined Dar Al-Arkan as Chief Operating Officer in June 2018. Mr. Lahoud was previously chief operating officer of Emaar – King Abdullah Economic City for 6 years, where he oversaw its expansion into one of the largest urban development schemes in the region. Before that he spent 14 years with PepsiCo International, where he held multiple senior positions, last of which was chief financial officer for Middle East and Africa. Mr. Lahoud holds an MBA from the University of Denver and did his bachelor studies in Madrid, Spain.

Mr. Philip Antony (Chief Financial Officer)

Mr. Philip Antony has been with Dar Al-Arkan since 2008 and in his previous role as Director – Accounting & Financial Reporting, he led several key company initiatives, including previous sukuk issuances under the Programme and syndicated financing programmes. Prior to joining Dar Al-Arkan, Mr. Antony spent 16 years in senior corporate finance and management roles with Sonata Software Ltd and Novell Inc. Mr. Antony holds a Master of Commerce degree from University of Calicut and is a Chartered Accountant from India.

Mr. Joseph El Kourani (Senior General Manager, Sales)

Mr. Joseph El Kourani joined Dar Al-Arkan in July 2017 as Senior General Manager of Sales. He holds a degree in business from the University of Balamand in Lebanon. Mr. El Kourani has more than 20 years of experience in sales and building distribution channels in various industries in 12 different countries. Prior to joining Dar Al-Arkan, he served for 14 years as Sales Director for the GCC region with MetLife, followed by six years as Vice President of Sales at Damac Properties in Dubai, United Arab Emirates.

Mr. Assaad Najem (Director of International Operations)

Mr. Assaad Najem joined Dar Al-Arkan in 2017 as Director of International Operations. Mr. Najem holds a degree in management and finance from Pigier Business School, France and has over 10 years of experience in the real estate industry. Prior to joining Dar Al-Arkan, Mr. Najem held key corporate positions in major real estate

development companies including the Head of Compliance and Director of Corporate Affairs at Damac Properties and Director of Finance at Tatweer in Dubai, United Arab Emirates.

Mr. Hazem Abdallah (Head of Investor Relations)

Mr. Hazem Abdallah is the Head of Investor Relations at Dar Al-Arkan, being appointed to the role in May 2018. An international senior executive with 26 years of experience in the UK and the GCC, Mr. Abdallah has over 16 years experience in capital markets investor relations, the last four with particular emphasis on Investor Relations in the real estate development sector in the GCC, having led the Investor Relations effort at DAMAC Properties in Dubai. Mr. Abdallah started his career with P&G in the UAE before moving to London to be a strategy consultant with Monitor Deloitte, then building the European division of Sanford C Bernstein, the U.S. equity research house. Mr. Abdallah holds a BA in Economics from AUB and an MBA from INSEAD.

Ownership of Shares by Directors and Senior Management

Details of the Directors' and the Senior Management's shareholdings are published each year in Dar Al-Arkan's annual report. As of 30 June 2019, no director or member of Senior Management held more than 1 per cent. of Dar Al-Arkan.

Corporate Governance

The Capital Markets Authority issued a resolution dated 16/5/1438H (corresponding to 13/2/2017), which approves new Corporate Governance Regulations (the **Corporate Governance Regulations**). Dar Al-Arkan has implemented all of the mandatory rules set out in Articles 9, 12 and 14 of the Corporate Governance Regulations issued by CMA.

Dar Al-Arkan has also implemented the majority of the advisory guidelines set out in the Corporate Governance Regulations, in particular, the guidelines relating to the rights of shareholders and compliance with disclosure and transparency procedures. Dar Al-Arkan received the award for Best Corporate Governance, Saudi Arabia in 2016 from World Finance and, for the third consecutive year, it received the award for Corporate Governance Company of the Year in 2015 (Middle East and North Africa) from The European.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection at the offices of the Principal Paying Agent (as defined in the Conditions).

The Investment Management Agreement

Pursuant to the Investment Management Agreement, the Sukuk Proceeds of each Series will be applied by the Trustee through the Investment Manager to invest in a single portfolio of investments (relating to that Series) comprising an Ijara Agreement and a Murabaha Agreement entered into between the Investment Manager and certain Restricted Subsidiaries of Dar Al-Arkan (each as defined in the Conditions) (together with any further and/or replacement Ijara Agreements and Murabaha Agreements entered into from time to time between the Investment Manager and certain Restricted Subsidiaries in accordance with the terms of the Investment Management Agreement, each a **Sukuk Portfolio**) in accordance with the relevant Investment Plan (as defined below). The Investment Management Agreement provides that a minimum amount corresponding to 51 per cent. of the face amount of the Certificates of the relevant Series outstanding must be invested in Ijara Agreements at all times, except during the period necessary for the replacement of any Ijara Agreement which is terminated as a result of the occurrence of a Total Loss.

The **Investment Plan** means the requirement for the Investment Manager: (i) to invest the relevant Sukuk Proceeds into a portfolio of Sukuk Contracts which generates returns at least equal to each relevant Periodic Distribution Amount for a period which is equal to or greater than the remaining duration of the relevant Certificates which are outstanding at the time of the relevant investment; and (ii) to ensure satisfaction of the Underlying Value Conditions. The Investment Manager is not entitled to commingle its own assets with any Sukuk Portfolio. The Investment Manager has undertaken to the Trustee that so long as any Certificates remain outstanding, it shall not conduct any business or enter into any transactions other than those expressly permitted under, or contemplated by the Investment Management Agreement and the related Sukuk Contracts.

The **Underlying Value Conditions** are the following conditions which are to be met by the Investment Manager with respect to each Series in accordance with the terms of the Investment Management Agreement:

(a) proper application of the relevant Sukuk Proceeds in appropriate revenue-generating Sukuk Contracts in accordance with the Investment Management Agreement;

(b) proper monitoring and timely enforcement of the performance of each counterparty under such Sukuk Contracts;

(c) ensuring that each such Sukuk Contract remains in full force and effect whilst any Certificates of the relevant Series remain outstanding, unless it expires or is terminated in accordance with its terms, and to the extent that a Sukuk Contract expires or is terminated prior to the relevant Scheduled Dissolution Date and a Dissolution Event Redemption Date, an Early Tax Dissolution Date or an Early Dissolution Date (Trustee Call) (if applicable), as the case may be, has not occurred, ensuring that such Sukuk Contract is replaced by a contract of equal or greater aggregate value (being the amounts payable under the relevant Sukuk Contract by the counterparty to such Sukuk Contract including, without limitation, compliance with limb (i) of the definition of Investment Plan) on the same day of such expiry or termination of the relevant Sukuk Contract, save where (i) an Ijara Agreement has been terminated as a result of a Total Loss, in which case a replacement Ijara Agreement will be entered into within six days of the occurrence of such Total Loss; or (ii) any Certificates have been purchased by Dar Al-Arkan and/or any subsidiary thereof and are proposed to be cancelled pursuant to Condition 13, in which case such Sukuk Contract must be replaced only if and to the extent required to ensure compliance with the terms of the relevant Investment Plan; and

(d) not waiving or forgiving the obligation of any counterparty under any such Sukuk Contract and not entering into any arrangement to dispose at a discount of any rights under any such Sukuk Contract.

Each Ijara Agreement relating to the relevant Series must be entered into substantially on the terms set out in the Investment Management Agreement and the initial Ijara Agreement relating to the relevant Series will be entered into on the relevant Issue Date. Pursuant to each Ijara Agreement, land and/or other real estate assets (the **Leased Assets**) are leased by the Investment Manager, acting as lessor (the **Lessor**) to the Ijara counterparty (who the Investment Manager has agreed must be a Restricted Subsidiary of Dar Al-Arkan) acting as lessee (the **Lessee**)

for payments of rental and other amounts to be made by the Lessee in respect of the Leased Assets on regular lease payment dates corresponding to the Periodic Distribution Dates. The Investment Manager must also enter into the following contracts in connection with each Ijara Agreement, each substantially in the form of those set in the Investment Management Agreement:

- **Sale and Purchase Agreement:** the contract pursuant to which the relevant Leased Assets are purchased by the Lessor from Dar Al-Arkan prior to entering into the Ijara Agreement;

- **Service Agency Agreement:** the contract pursuant to which the Lessor appoints the relevant Lessee as service agent in respect of the relevant Leased Assets. The Lessee is responsible for, amongst other things, obtaining and maintaining Takaful insurance and certain maintenance and repair obligations in respect of the relevant Leased Assets; and

- **Purchase Undertaking:** an undertaking pursuant to which the relevant Restricted Subsidiary (in its capacity as obligor thereunder) undertakes to purchase the Leased Assets from the Investment Manager (in its capacity as beneficiary under the Purchase Undertaking) in the circumstances set out in the Purchase Undertaking (including if the Ijara Agreement is terminated in accordance with its terms prior to the Scheduled Dissolution Date of the Certificates of the relevant Series).

Each Murabaha Agreement relating to the relevant Series must be entered into substantially on the terms set out in the Investment Management Agreement and the initial Murabaha Agreement relating to the relevant Series will be entered into on the relevant Issue Date. Pursuant to each Murabaha Agreement, the Investment Manager agrees to buy commodities from a commodities agent, and then sells the commodities on to a Murabaha counterparty (who the Investment Manager has agreed must be a Restricted Subsidiary of Dar Al-Arkan) in consideration for payment of a deferred purchase price.

The services to be provided by the Investment Manager under the Investment Management Agreement in respect of each Series will commence on the relevant Issue Date and will end on the later of (i) the date falling two Business Days prior to the relevant Scheduled Dissolution Date, any Dissolution Event Redemption Date, an Early Tax Dissolution Date, any Early Dissolution Date (Trustee Call) or the date on which the Guarantor purchases all (but not some only) of the outstanding Certificates of the relevant Series pursuant to a Mandatory Offer to Purchase Certificates and (ii) the date on which the Sukuk Portfolio Liquidation Proceeds are paid by the Investment Manager to the Principal Paying Agent on behalf of the Trustee in accordance with the Investment Management Agreement.

On the date falling two Business Days prior to each Periodic Distribution Date relating to the relevant Series of Certificates, the Investment Manager will collect all sums due from the counterparties to the relevant Ijara Agreements and relevant Murabaha Agreements (the **Profit Collections**) and on the same date pay such Profit Collections to the Principal Paying Agent on behalf of the Trustee by depositing the same in the relevant Transaction Account. The Principal Paying Agent will in turn apply such amounts to pay the Periodic Distribution Amount to the relevant Certificateholders on the relevant Periodic Distribution Date.

On the date falling two Business Days prior to the Scheduled Dissolution Date, a Dissolution Event Redemption Date, an Early Tax Dissolution Date or an Early Dissolution Date (Trustee Call) relating to a Series of Certificates, as the case may be, the Investment Manager will liquidate the relevant Sukuk Portfolio in accordance with the Investment Management Agreement and pay the proceeds of such liquidation (the **Sukuk Portfolio Liquidation Proceeds**) to the Principal Paying Agent (on behalf of the Trustee) by depositing the same in the relevant Transaction Account who will in turn apply such amounts to pay the Dissolution Amount to the Certificateholders on the Scheduled Dissolution Date, Dissolution Event Redemption Date, Early Tax Dissolution Date or Early Dissolution Date (Trustee Call), as the case may be.

The Investment Management Agreement is governed by the laws of the Kingdom of Saudi Arabia.

The Guarantee

Nature of the Guarantee

Pursuant to the Guarantee, the Guarantor irrevocably and unconditionally, in each case in favour of the Trustee and the Delegate (in respect of each Series): (a) guarantees for the purpose of paragraph (b) and (c) below (without double-counting), and only to the extent that a Distribution Shortfall Restoration Amount or a Value Restoration Amount (as the case may be) is due and payable, the prompt performance by each relevant Sukuk Contract

Counterparty of its obligations under those Sukuk Contract(s); (b) undertakes to pay to the Principal Paying Agent (on behalf of the Trustee), immediately on receipt of a Payment Notice from (or on behalf of) the Trustee, the relevant Distribution Shortfall Restoration Amount (if any) specified in that Payment Notice by depositing the same in the relevant Transaction Account; (c) undertakes to pay to the Principal Paying Agent (on behalf of the Trustee), immediately upon receipt of a Payment Notice from (or on behalf of) the Trustee, the relevant Value Restoration Amount (if any) referred to in that Payment Notice by depositing the same in the relevant Transaction Account; and (d) agrees with the Trustee that, to the extent any amount claimed under (a) to (c) above is not recoverable from the Guarantor on the basis of a guarantee, then the Guarantor will be liable (but without double-counting) as a principal debtor and primary obligor to indemnify the Trustee in respect of any loss (i) incurred as a result of any relevant Sukuk Contract Counterparty failing to pay any amount expressed to be due and payable by it under a Sukuk Contract when it should have been paid; (ii) incurred by the Trustee and payable by the Investment Manager in the circumstances set out in the Investment Management Agreement; and (iii) incurred as a result of the Investment Manager failing to pay any additional amounts expressed to be due and payable under certain provisions of the Investment Management Agreement.

The Guarantee will constitute a general unsecured obligation of the Guarantor, granted in favour of the Trustee and the Delegate. The Guarantee will not contain any provisions limiting the recourse of the Trustee or the Delegate to the Guarantor for any due but unpaid Distribution Shortfall Restoration Amounts or Value Restoration Amounts.

The Guarantee will be governed by English law.

Dar Al-Arkan Events

The Guarantor will agree under the Guarantee that certain events or circumstances shall constitute a Dar Al-Arkan Event, the occurrence of which, together with certain other events, shall constitute a Dissolution Event under the Certificates. For a full list of Dar Al-Arkan Events and a description of the consequences of a Dissolution Event, see Condition 14 under "*Terms and Conditions of the Certificates*".

Repurchase of Certificates following a Change of Control

The Guarantor will agree that within 30 days following a Change of Control, the Guarantor will make an offer (to remain open for not less than 30 nor more than 60 days) to Certificateholders to repurchase all outstanding Certificates at a purchase price equal to the Change of Control Repurchase Amount set out in the applicable Final Terms, plus all accrued and unpaid Periodic Distribution Amounts, if any, to the date of purchase (subject to the right of Certificateholders of record on the relevant record date to receive a Periodic Distribution Amount on the relevant Periodic Distribution Date).

A **Change of Control** will occur if:

(a) any **person** (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50 per cent. of the total voting power of the Voting Stock of the Guarantor; provided, however, that the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for the purposes of this clause (a), such other person shall be deemed to beneficially own any Voting Stock of a specified person held by a parent entity, if such other person is the beneficial owner (as defined in this clause (a)), directly or indirectly, of more than 50 per cent. of the voting power of the Voting Stock of such parent entity and the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);

(b) individuals who on the relevant Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Guarantor was approved by a vote of a majority of the directors of the Guarantor then still in office who were either directors on the relevant Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;

(c) the adoption of a plan relating to the liquidation or dissolution of the Guarantor; or

(d) the merger or consolidation of the Guarantor with or into another Person or the merger of another Person with or into the Guarantor, or the sale of all or substantially all the assets of the Guarantor (determined

on a consolidated basis) to another Person other than (i) a transaction in which the survivor or transferee is a Person that is controlled by Permitted Holders or (ii) a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100 per cent. of the Voting Stock of the Guarantor immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, each transferee becomes an obligor in respect of the relevant Certificates and a Subsidiary of the transferor of such assets.

Repurchase of Certificates following exercise of Investor Put Option

If the applicable Final Terms specifies that Certificateholder Put Option is applicable to the Series, Dar Al-Arkan shall make an offer (each a **Certificateholder Put Option Offer**) (which shall remain open for not less than 45 nor more than 60 days) to repurchase any or all outstanding Certificates of the relevant Series at the Certificateholder Put Option Repurchase Amount, plus accrued and unpaid Periodic Distribution Amounts, if any, to the date of purchase, on the Certificateholder Put Option Repurchase Date(s) specified in the applicable Final Terms.

Covenants

The Certificateholders of each Series will also have the benefit of certain restrictive and financial covenants given by Dar Al-Arkan in the Guarantee. In particular, the Guarantor will undertake that:

1. ***General Undertakings***

1.1 ***Notification of default***

The Guarantor shall notify the Trustee and the Delegate of any Dar Al-Arkan Event (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

1.2 ***Pari passu ranking***

The Guarantor shall ensure that all payments by and obligations of the Guarantor and the Investment Manager under any Transaction Document to which it is a party rank:

(a) in priority to any distributions (by way of profits, dividends or otherwise) by the Guarantor to its shareholders or by the Investment Manager to the Guarantor, as the case may be; and

(b) at least *pari passu* with the claims of all the unsecured and unsubordinated creditors of the Guarantor or the Investment Manager (as the case may be).

1.3 ***Insurance***

The Guarantor shall take out and maintain, or cause to be taken out and maintained, Islamic Takaful insurance in respect of its assets and activities in such amounts, covering such risks, and on such terms as are customary in the Kingdom of Saudi Arabia by a prudent person engaged in business of the same or a similar nature to the Guarantor.

1.4 ***Compliance with laws***

The Guarantor shall comply, and shall procure compliance by the Investment Manager, with all laws to which the Guarantor or the Investment Manager (as the case may be) may be subject, save to the extent that any failure to so comply would not prevent the performance in full by the Guarantor or the Investment Manager (as the case may be) of its obligations under the Transaction Documents to which it is a party.

1.5 ***Tax Affairs (Guarantor)***

The Guarantor shall, to the extent applicable:

(a) promptly file all tax returns required to be filed by it in any jurisdictions; and

(b) promptly pay all Taxes or, if any Tax is being contested in good faith and by appropriate means, maintain adequate provision for payment of that Tax.

1.6 ***Tax Affairs (Investment Manager)***

The Guarantor shall, to the extent applicable, procure that the Investment Manager:

(a) promptly files all tax returns required to be filed by the Investment Manager in any jurisdiction; and

(b) promptly pays all Taxes payable by the Investment Manager or, if any Tax is being contested in good faith and by appropriate means, maintain adequate provision for payment of that Tax.

2. ***Covenants***

2.1 ***Limitation on Indebtedness***

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that the Guarantor and any Restricted Subsidiary will be entitled to Incur Indebtedness if, on the date of such Incurrence and after giving effect thereto on a pro forma basis, the Consolidated Coverage Ratio is (for so long as any 2022 Sukuk Certificate or 2023 Sukuk Certificate is outstanding) at least 2.0 to 1.0 and (at any time thereafter) at least 1.75 to 1.0.

(b) Notwithstanding the foregoing clause (a), the Guarantor and the Restricted Subsidiaries will be entitled to Incur any or all of the following Indebtedness:

(1) Indebtedness Incurred by the Guarantor pursuant to a Credit Facility; provided, however, that, after giving effect to any such Incurrence, the aggregate principal amount of all Indebtedness Incurred under this clause (1) and then outstanding does not exceed SAR 1.87 billion;

(2) Indebtedness (including any Ijara agreements and Murabaha agreements) owed to and held by the Guarantor or a Restricted Subsidiary; provided, however, that (A) any subsequent issuance or transfer of any Capital Stock which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Guarantor or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon and (B) if the Guarantor is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to its Guarantee;

(3) Indebtedness outstanding on the relevant Issue Date (other than Indebtedness described in clause (b)(1) or (b)(2) of this covenant) and the incurrence of Indebtedness represented by the Guarantee and any obligations of the Investment Manager to make any payment(s) to the Trustee in accordance with the Investment Management Agreement (to the extent deemed to constitute Indebtedness);

(4) Indebtedness (**Acquired Indebtedness**) of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by the Guarantor (other than Indebtedness Incurred in connection with, or to provide all or any portion of the funds or credit support utilised to consummate, the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was acquired by the Guarantor); provided, however, that on the date of such acquisition and after giving pro forma effect thereto, the Guarantor would have been entitled to Incur at least SAR 1.00 of additional Indebtedness pursuant to clause (a) of this Paragraph 2.1;

(5) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to clause (a) or pursuant to clauses (b)(3) or (b)(4) or this clause (b)(5);

(6) Hedging Obligations directly related to Indebtedness permitted to be Incurred by the Guarantor and the Restricted Subsidiaries pursuant to the Guarantee entered into in the ordinary course of business and designed solely to protect the Guarantor or the relevant Restricted Subsidiary from fluctuations in interest rates or financing costs, currencies or the price of commodities and not for speculation;

(7) Workers' compensation claims, self-insurance obligations, obligations in respect of performance, bid and surety bonds and completion guarantees incurred or provided by the Guarantor or any Restricted Subsidiary in the ordinary course of business;

(8) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of its Incurrence;

(9) Indebtedness arising from agreements of the Guarantor or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of the Guarantor or any Restricted Subsidiary; provided that (A) the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including the Fair Market Value of non-cash consideration) actually received by (or held in escrow as a collateral for such Indebtedness for later release to) the Guarantor and its Restricted Subsidiaries in connection with such disposition (without giving effect to any subsequent changes in value) and (B) such Indebtedness is not, on the date of its Incurrence, reflected on the balance sheet of the Guarantor or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet shall not be deemed to be reflected on such balance sheet for purposes of this clause (b)(9)(B));

(10) Indebtedness Incurred by the Guarantor or any Restricted Subsidiary for the purpose of financing (i) all or any part of the purchase price of real or personal property or equipment to be used in the Permitted Business in the ordinary course of business through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon such acquisition, become a Restricted Subsidiary or (ii) all or any part of the purchase price or the cost of acquisition, development, construction or improvement of real or personal property or equipment to be used in the Permitted Business by the Guarantor or such Restricted Subsidiary in the ordinary course of business; provided, however that (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 60 days after the acquisition of such property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (b)(10) (together with Refinancing thereof) does not exceed an amount equal to 15 per cent. of Total Assets; and

(11) Indebtedness of the Guarantor and the Restricted Subsidiaries in an aggregate principal amount which, when taken together with all other Indebtedness of the Guarantor and the Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by clause (a) or clauses (b)(1) through (b)(10)) does not exceed SAR 500 million (or the SAR Equivalent thereof).

(c) Notwithstanding the foregoing, the Guarantor will not Incur any Indebtedness pursuant to the foregoing clause (b) if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of the Guarantor unless such Indebtedness shall be subordinated to the relevant Certificates or the applicable Guarantee to at least the same extent as such Subordinated Obligations.

(d) For purposes of determining compliance with this covenant:

(1) any Indebtedness outstanding on the relevant Issue Date under the Credit Facilities will be treated as Incurred under clause (1) of paragraph (b) above;

(2) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, the Guarantor, in its sole discretion, will classify such item of Indebtedness (or any portion thereof) at the time of Incurrence and will only be required to include the amount and type of such Indebtedness in one of the above clauses; and

(3) the Guarantor will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described above.

(e) For purposes of determining compliance with any SAR denominated restriction on the Incurrence of Indebtedness where the Indebtedness Incurred is denominated in a different currency, the amount of such Indebtedness will be the SAR Equivalent determined on the date of the Incurrence of such Indebtedness; provided, however, that if any such Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to SAR covering all principal, premium, if any, and interest payable on such Indebtedness, the amount of such Indebtedness expressed in SAR will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Indebtedness being Refinanced will be the SAR Equivalent, as appropriate, of the Indebtedness Refinanced, except to the extent that (1) such SAR Equivalent was determined based on a Currency Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (2) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the SAR Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Indebtedness is Incurred.

2.2 ***Limitation on Restricted Payments***

(a) The Guarantor will not, and will not permit any Restricted Subsidiary, directly or indirectly, to make a Restricted Payment if at the time the Guarantor or such Restricted Subsidiary makes such Restricted Payment:

(1) a Default shall have occurred and be continuing (or would result therefrom);

(2) the Guarantor is not entitled to Incur an additional SAR 1.00 of Indebtedness pursuant to clause (a) of the covenant described under Paragraph 2.1 (*Limitation on Indebtedness*); or

(3) the aggregate amount of such Restricted Payment and all other Restricted Payments since the relevant Issue Date would exceed the sum of (without duplication):

(A) 66 per cent. of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the relevant Issue Date occurs to the end of the most recent fiscal quarter for which financial statements are available (or, in case such Consolidated Net Income shall be a deficit, minus 100 per cent. of such deficit); plus

(B) 100 per cent. of the aggregate Net Cash Proceeds received by the Guarantor from the issuance or sale of its Capital Stock (other than Disqualified Stock) subsequent to the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the relevant Issue Date occurs (other than an issuance or sale to a Subsidiary of the Guarantor and other than an issuance or sale to an employee stock ownership plan or to a trust established by the Guarantor or any of its Subsidiaries for the benefit of their employees to the extent such sale to an employee stock ownership plan or similar trust is financed by loans or guaranteed by the Guarantor or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) and 100 per cent. of any cash capital contribution received by the Guarantor from its

shareholders subsequent to the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the relevant Issue Date occurs; plus

(C) the amount by which Indebtedness of the Guarantor is reduced on the Guarantor's balance sheet upon the conversion or exchange subsequent to the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the relevant Issue Date occurs of any Indebtedness of the Guarantor convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Guarantor (less the amount of any cash, or the fair value of any other property, distributed by the Guarantor upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Guarantor or any Restricted Subsidiary from the sale of such Indebtedness (excluding Net Cash Proceeds from sales to a Subsidiary of the Guarantor or to an employee stock ownership plan or a trust established by the Guarantor or any of its Subsidiaries for the benefit of their employees); plus

(D) an amount equal to the sum of (x) the net reduction in the Investments (other than Permitted Investments) made by the Guarantor or any Restricted Subsidiary in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realised on the sale of such Investment and proceeds representing the return of capital (excluding dividends and distributions), in each case received by the Guarantor or any Restricted Subsidiary, and (y) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Guarantor's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Guarantor or any Restricted Subsidiary in such Person or Unrestricted Subsidiary.

(b) The preceding provisions will not prohibit:

(1) any Restricted Payment made out of the Net Cash Proceeds of the substantially concurrent sale of, or made by exchange for, Capital Stock of the Guarantor (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of the Guarantor or an employee stock ownership plan or to a trust established by the Guarantor or any of its Subsidiaries for the benefit of their employees to the extent such sale to an employee stock ownership plan or similar trust is financed by loans or guaranteed by the Guarantor or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination) or a substantially concurrent cash capital contribution received by the Guarantor from its shareholders; provided, however, that (A) such Restricted Payment shall be excluded in the calculation of the amount of Restricted Payments and (B) the Net Cash Proceeds from such sale or such cash capital contribution (to the extent so used for such Restricted Payment) shall be excluded from the calculation of amounts under clause (3)(B) of clause (a) above;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of the Guarantor made by exchange for, or out of the proceeds of the substantially concurrent Incurrence of, Indebtedness of such Person which is permitted to be Incurred pursuant to Paragraph 2.1 (*Limitation on Indebtedness*); provided, however, that such purchase, repurchase, redemption, defeasance or other acquisition or retirement for value shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(3) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this Paragraph; provided,

however, that such dividend shall be included in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(4) so long as no Default has occurred and is continuing, the purchase, redemption or other acquisition of shares of Capital Stock of the Guarantor or any of its Subsidiaries from employees, former employees, directors or former directors of the Guarantor or any of its Subsidiaries (or permitted transferees of such employees, former employees, directors or former directors), pursuant to the terms of the agreements (including employment agreements) or plans (or amendments thereto) approved by the Board of Directors under which such individuals purchase or sell or are granted the option to purchase or sell, shares of such Capital Stock; provided, however, that the aggregate amount of such Restricted Payments (excluding amounts representing cancellation of Indebtedness) shall not exceed SAR 20 million in any calendar year; provided further, however, that such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(5) the declaration or payments of dividends on Disqualified Stock issued pursuant to Paragraph 2.1 (*Limitation on Indebtedness*); provided, however, that, at the time of declaration or payment of such dividend, no Default shall have occurred and be continuing (or result therefrom); provided further, however, that such dividends shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(6) repurchases of Capital Stock deemed to occur upon exercise of stock options if such Capital Stock represents a portion of the exercise price of such options; provided, however, that such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Guarantor; provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this Paragraph (as determined in good faith by the Board of Directors); provided further, however, that such payments shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(8) in the event of a change of control with respect to the relevant Subordinated Obligations, and if no Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Guarantor, in each case, at a purchase price not greater than 101 per cent. of the principal amount of such Subordinated Obligations, plus any accrued and unpaid interest thereon; provided, however, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Guarantor (or a third party to the extent permitted by the Guarantee) has made a Change of Control Offer (to the extent required) with respect to the relevant Certificates as a result of such Change of Control and has repurchased all Certificates validly tendered and not withdrawn in connection with such Change of Control Offer; provided further, however, that such payments, purchases, redemptions, defeasances or other acquisitions or retirements shall be included in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(9) payments of intercompany subordinated Indebtedness, the Incurrence of which was permitted under clause (b)(2) of Paragraph 2.1 (*Limitation on Indebtedness*); provided, however, that no Default has occurred and is continuing or would otherwise result therefrom; provided further, however, that such payments shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(10) the making of strategic minority Investments in Persons that are engaged in a Related Business and made primarily for the commercial benefit of the Guarantor and the Restricted Subsidiaries (as determined by the Guarantor in good faith) in an aggregate

amount, taken together with all Investments made pursuant to this clause (10), not to exceed 10 per cent. of Total Assets; provided, however, that (A) at the time of each such minority Investment, no Default shall have occurred and be continuing or would otherwise result therefrom, (B) such Investment is approved by the Board of Directors and is entered into in good faith on an arm's length basis and (C) on the date of making such strategic minority Investment and after giving pro forma effect thereto, the Guarantor would have been entitled to Incur at least SAR 1.00 of additional Indebtedness pursuant to clause (a) of the covenant described under Paragraph 2.1 (*Limitation on Indebtedness*); provided further, however, that such payments shall be excluded from the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2;

(11) Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this clause (11), does not exceed SAR 100 million (or the SAR Equivalent thereof); provided, however, that (A) at the time of each such Restricted Payment, no Default shall have occurred and be continuing (or result therefrom) and (B) such payments shall be included in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2; or

(12) the declaration or payment of dividends by the Guarantor to holders of its ordinary shares, par value of SAR 10 each, listed on the Saudi Stock Exchange (Tadawul) under the symbol 4300, in an aggregate amount, taken together with all other payments of dividends made pursuant to this clause (12), not to exceed 25 per cent. of the Consolidated Net Income accrued during the period (treated as one accounting period) from the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the relevant Issue Date occurs to the end of the most recent fiscal quarter for which financial statements are available (or in the case such Consolidated Net Income shall be a deficit, minus 100 per cent. of such deficit); provided, however, that at the time of declaration and payment of such dividend, no Default shall have occurred and be continuing (or result therefrom) and the Guarantor is entitled to Incur an additional SAR 1.00 of Indebtedness pursuant to clause (a) of the covenant described under Paragraph 2.1 (*Limitation on Indebtedness*); provided further, however, such dividends shall be excluded from the calculation of Restricted Payments under clause (a)(3) of this Paragraph 2.2; or

(13) the repurchase by the Guarantor of Capital Stock of the Guarantor held by any Person, where the consideration provided by the Guarantor for such repurchase consists solely of shares of Capital Stock of a Person that, immediately prior to such Restricted Payment, is a Subsidiary of the Guarantor; provided, however, that (A) the Capital Stock acquired by the Guarantor as a result of such Restricted Payment is not redeemed or cancelled by the Guarantor prior to the Stated Maturity of the relevant Certificates; (B) at the time of each such Restricted Payment, no Default shall have occurred and be continuing or would otherwise result therefrom; and (C) such Restricted Payments shall be excluded in the calculation of the amount of Restricted Payments under clause (a)(3) of this Paragraph 2.2.

Paragraph 2.2(b)(13) shall only be applicable with effect from the earlier of (a) the date on which the terms and conditions of each of the 2022 Sukuk Certificates and the 2023 Sukuk Certificates are amended to contain such provisions; and (b) the date on which no 2022 Sukuk Certificate and no 2023 Sukuk Certificate is outstanding.

2.3 ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) pay dividends or make any other distributions on its Capital Stock to the Guarantor or a Restricted Subsidiary or pay any Indebtedness owed to the Guarantor or a Restricted Subsidiary, (ii) make any loans or advances to the Guarantor or a Restricted Subsidiary or (iii) transfer any of its property or assets to the Guarantor or a Restricted Subsidiary, except:

(a) with respect to (i), (ii) and (iii),

(1) any encumbrance or restriction pursuant to an agreement in effect at or entered into on the relevant Issue Date;

(2) any encumbrance or restriction with respect to a Restricted Subsidiary pursuant to an agreement relating to any Acquired Indebtedness and outstanding on such date;

(3) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in clause (1) or (2) of clause of this covenant or this clause (3) or contained in any amendment to an agreement referred to in clause (1) or (2) of clause (a) of this covenant or this clause (3); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such refinancing agreement or amendment are no less favourable to the Certificateholders than encumbrances and restrictions, taken as a whole, with respect to such Restricted Subsidiary contained in such predecessor agreements;

(4) any encumbrance or restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(5) any encumbrance or restriction contained in the terms of any Indebtedness permitted to be Incurred pursuant to Paragraph 2.1 (*Limitation on Indebtedness*) or any agreement pursuant to which such Indebtedness was issued if (x) either (i) the encumbrance or restriction applies only in the event of and during the continuance of a payment default or a default with respect to a financial covenant contained in such Indebtedness or agreement or (ii) the Guarantor determines at the time any such Indebtedness is Incurred (and at the time of any modification of the terms of any such encumbrance or restriction) that any such encumbrance or restriction will not materially affect the Guarantor's ability to make principal or Periodic Distribution Amount payments on the relevant Certificates and any other Indebtedness that is an obligation of the Guarantor; and (y) the encumbrance or restriction is not materially more disadvantageous to the holders of the Certificates than is customary in comparable financings or agreements (as determined by the Guarantor in good faith);

(6) Liens permitted to be incurred under Paragraph 2.8 (*Limitation on Liens*) that limit the right of the debtor to dispose of assets subject to such Liens;

(7) any encumbrance or restriction that is as a result of applicable law or regulation; and

(8) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in sub clauses (1) through (7) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of the Guarantor, not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(b) with respect to (iii) only,

(1) any encumbrance or restriction consisting of customary non-assignment provisions in leases governing leasehold interests to the extent such provisions restrict the transfer of the lease or the property leased thereunder; and

(2) any encumbrance or restriction contained in security agreements or mortgages securing Indebtedness of a Restricted Subsidiary to the extent such encumbrance or restriction restricts the transfer of the property subject to such security agreements or mortgages.

2.4 ***Limitation on Sales of Assets and Subsidiary Stock***

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Disposition unless:

(1) the Guarantor or such Restricted Subsidiary receives consideration at the time of such Asset Disposition at least equal to the Fair Market Value (including as to the value of all non-cash consideration), as determined in good faith by the Board of Directors, of the shares and assets subject to such Asset Disposition; and

(2) at least 75 per cent. of the consideration thereof received by the Guarantor or such Restricted Subsidiary is in the form of (i) cash, (ii) cash equivalents, (iii) Additional Assets or (iv) a combination of the consideration specified in (i) to (iii).

2.5 ***Limitation on Affiliate Transactions***

(a) The Guarantor will not, and will not permit any Restricted Subsidiary to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Guarantor or any of its Restricted Subsidiaries (an **Affiliate Transaction**) unless:

(1) the terms of the Affiliate Transaction are no less favourable to the Guarantor or such Restricted Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm's-length dealings with a Person who is not an Affiliate of the Guarantor or any of its Restricted Subsidiaries;

(2) if such Affiliate Transaction involves an amount in excess of SAR 50 million (or the SAR Equivalent thereof), the terms of the Affiliate Transaction are set forth in writing and a majority of the directors of the Guarantor disinterested with respect to such Affiliate Transaction have determined in good faith that the criteria set forth in clause (1) are satisfied and have approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors; and

(3) if such Affiliate Transaction involves an amount in excess of SAR 150 million (or the SAR Equivalent thereof), the Board of Directors shall also have received a written opinion from an Independent Qualified Party to the effect that such Affiliate Transaction is fair, from a financial standpoint, to the Guarantor and its Restricted Subsidiaries or is not less favourable to the Guarantor and its Restricted Subsidiaries than could reasonably be expected to be obtained at the time in an arm's-length transaction with a Person who was not an Affiliate.

(b) The provisions of the preceding clause (a) will not prohibit:

(1) any Permitted Investment other than paragraphs (1) (in respect of the making of an Investment that causes such Person to become a Restricted Subsidiary), (2) and (13) of such defined term;

(2) Restricted Payments (other than any Restricted Payments made pursuant to Clauses 2.2(b) (10) and (11) of Paragraph 2.2 (*Limitation on Restricted Payments*)) that do not violate the covenant set forth in Paragraph 2.2 (*Limitation on Restricted Payments*);

(3) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership plans approved by the Board of Directors;

(4) loans or advances to employees in the ordinary course of business in accordance with the past practices of the Guarantor or its Restricted Subsidiaries;

(5) the payment of reasonable fees to directors of the Guarantor and its Restricted Subsidiaries;

(6) any transaction with the Guarantor, a Restricted Subsidiary or joint venture or similar entity which would constitute an Affiliate Transaction solely because the Guarantor or a Restricted Subsidiary owns an equity interest in or otherwise controls such Restricted Subsidiary, joint venture or similar entity, including, but not limited to, any transaction with Saudi Home Loans Company;

(7) the issuance or sale of any Capital Stock (other than Disqualified Stock) of the Guarantor;

(8) transactions entered into on or prior to the relevant Issue Date;

(9) transactions between the Guarantor and any Restricted Subsidiary or between Restricted Subsidiaries; and

(10) arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in ease case, which are in the ordinary course of business and otherwise in compliance with the terms of the Guarantee provided that the terms and conditions of any such transaction or agreement as applicable to the Guarantor and its Restricted Subsidiaries (a) are fair to the Guarantor and its Restricted Subsidiaries and are on terms more favourable to the Guarantor and its Restricted Subsidiaries than those that could have reasonably been obtained in respect of an analogous transaction or agreement that would not constitute an Affiliate Transaction, (b) the performance by the Guarantor and any of its Restricted Subsidiaries in respect of any such arrangements are for its own behalf and in its own name and (c) the Guarantor and its Restricted Subsidiaries do not assume, and are otherwise not liable for any performance or breach in respect of any such arrangements by the relevant Affiliate.

(c) The provisions of clause 2.5(a)(3) shall not apply to Affiliate Transactions resulting from a competitive tendering process instituted by the Guarantor or a Restricted Subsidiary in the ordinary course of business of the Guarantor or a Restricted Subsidiary resulting in at least three *bona fide* bids by Persons who are not Affiliates of the Guarantor or a Restricted Subsidiary and which Affiliate Transactions are subsequently disclosed as required to the Saudi Stock Exchange (Tadawul All Share Index) and to the Guarantor's shareholders at its next annual general assembly.

2.6 ***Limitation on Line of Business***

The Guarantor will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Related Business.

2.7 ***Limitation on Conduct of Business of Investment Manager***

The Guarantor will ensure that the Investment Manager does not enter into any transaction or conduct any activities (including the incurrence of any Indebtedness) other than as may be permitted under, or contemplated by, the Investment Management Agreement and each Sukuk Contract save that it may enter into the subscription agreement (howsoever named) and related documents in connection with any issue of Certificates.

2.8 ***Limitation on Liens***

The Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, Incur or permit to exist any Lien (the **Initial Lien**) of any nature whatsoever on any of its properties, assets or revenues (including Capital Stock of a Restricted Subsidiary), whether owned at the relevant Issue Date or thereafter acquired, other than Permitted Liens, without effectively providing that the obligations of the Guarantor and the Restricted Subsidiaries pursuant to the Transaction Documents shall be secured for the benefit of the Certificateholders of each Series then outstanding by the creation of a Lien which is the same as the Initial Lien and (i) if such Indebtedness is Senior Indebtedness, equally and rateably with the obligations or (ii) if such Indebtedness is Subordinated Indebtedness, prior to the obligations so secured, in each case, for so long as such obligations are so secured, or by such other Lien as shall be approved by an Extraordinary Resolution of the Certificateholders.

Any Lien created for the benefit of the Certificateholders of each Series then outstanding pursuant to the preceding sentence shall provide by its terms that the Trustee or the Delegate (as the case may be) shall provide such assistance as may be reasonably required by the Guarantor to unconditionally release and discharge their Lien upon the release and discharge of the Initial Lien.

2.9 ***Limitation on Sale/Leaseback Transactions***

The Guarantor will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(1) the Guarantor or such Restricted Subsidiary would be entitled to (A) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Paragraph 2.1 (*Limitation on Indebtedness*) and (B) create a Lien on such property securing such Attributable Debt without equally and rateably securing the relevant Certificates pursuant to Paragraph 2.8 (*Limitation on Liens*);

(2) the net proceeds received by the Guarantor or any Restricted Subsidiary in connection with such Sale/Leaseback Transaction are at least equal to the Fair Market Value (as determined by the Board of Directors) of such property; and

(3) the Guarantor applies the proceeds of such transaction in compliance with Paragraph 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*).

2.10 ***Merger and Consolidation***

The Guarantor will not consolidate with or merge with or into, or convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the **Successor Company**) shall be a Person organised and existing under the laws of the Kingdom of Saudi Arabia, any state which is a member of the European Union, Canada, the United States, any state thereof or the District of Columbia and the Successor Company (if not the Guarantor) shall expressly assume, by a guarantee supplemental thereto, executed and delivered to the Trustee and the Delegate, in form satisfactory to Trustee and the Delegate, all the obligations of the Guarantor under the Certificates of each Series then outstanding and the Guarantee;

(2) immediately after giving pro forma effect to such transaction (and treating any Indebtedness which becomes an obligation of the Successor Company or any Subsidiary as a result of such transaction as having been Incurred by such Successor Company or such Subsidiary at the time of such transaction), no Default shall have occurred and be continuing;

(3) immediately after giving pro forma effect to such transaction, (i) the Successor Company would be able to Incur an additional SAR 1.00 of Indebtedness pursuant to paragraph (a) of Paragraph 2.1 (*Limitation on Indebtedness*) or (ii) the Consolidated Coverage Ratio would be no less than the Consolidated Coverage Ratio immediately prior to such transaction; and

(4) the Guarantor shall have delivered to the Trustee and the Delegate an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental guarantee (if any) comply with the Guarantee,

provided, however, that clause (3) will not be applicable to (A) a Restricted Subsidiary consolidating with, merging into or transferring all or part of its properties and assets to the Guarantor (so long as no Capital Stock of the Guarantor is distributed to any Person) or (B) the Guarantor merging with an Affiliate of the Guarantor solely for the purpose and with the sole effect of reincorporating the Guarantor in another jurisdiction.

For purposes of this Paragraph 2.10, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Guarantor, which properties and assets, if held by the Guarantor instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Guarantor on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Guarantor.

The Successor Company will be the successor to the Guarantor and shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under the Guarantee, and the predecessor Guarantor, except in the case of a lease, shall be released from the obligation to pay the principal of and Periodic Distribution Amounts on the relevant Certificates.

2.11 ***Reports***

As long as any Certificates of the relevant Series are outstanding, the Guarantor will furnish to the Certificateholders of the relevant Series, the Trustee and the Delegate:

(1) within 120 days after the end of the Guarantor's fiscal year, annual reports containing audited consolidated balance sheets of the Guarantor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Guarantor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Guarantor beginning with the quarter ending immediately after the relevant Issue Date quarterly reports containing an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure;

(3) promptly after the occurrence of a material acquisition, disposition, restructuring or change in auditors or any other material event, a report containing a description of such event; and

(4) at the times specified for such information, such information as the Guarantor is required to report by any stock exchange on which the Certificates are for the time being listed or admitted to trading.

Substantially concurrently with the furnishing to the Trustee, the Delegate and the relevant Certificateholders of the reports specified above, the Guarantor shall also (1) use its commercially reasonable efforts to post copies of such reports on such website as may be then maintained by the Guarantor and its subsidiaries or a direct or indirect parent of the Guarantor or (2) to the extent the Guarantor determined in good faith that it cannot make such reports available in the manner described in the preceding clause (1) after the use of its commercially reasonable efforts, furnish at its expense such reports to prospective purchasers of the Certificates, upon their request.

2.12 ***Changes in Covenants When* Certificates *are Rated Investment Grade***

If, on any date following the date of the Guarantee, the Certificates of any Series have an Investment Grade rating from both of the Rating Agencies and no Dissolution Event or Dar Al-Arkan Event has occurred and is continuing (a **Suspension Event**), then, beginning on the day the Investment Grade rating has been received and continuing until such time, if any, at which those Certificates cease to have an Investment Grade rating from either of the Rating Agencies, the following provisions of the Guarantee will not apply to those Certificates: Paragraphs 2.1 (*Limitation on Indebtedness*), 2.2 (*Limitation on Restricted Payments*), 2.3 (*Limitation on Restrictions on Distributions from Restricted Subsidiaries*), 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*), 2.5 (*Limitation on Affiliate Transactions*), 2.6 (*Limitation on Line of Business*) and 2.9 (*Limitation on Sale/Leaseback Transactions*).

Such Paragraphs will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Guarantor properly taken during the continuance of the Suspension Event, and Paragraph 2.2 (*Limitation*

on Restricted Payments) will be interpreted as if it had been in effect since the date of the Guarantee except that no Dar Al-Arkan Event will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

Defeasance

Under the terms of the Guarantee, Dar Al-Arkan will have the option to elect with respect to all (but not some only) outstanding Series of Certificates: (i) not to be bound by its obligation to repurchase Certificates following a Change of Control or comply with certain covenants prescribed in the Guarantee; and (ii) that the operation of the Dar Al-Arkan Events entitled "Cross Default" and with respect of Significant Subsidiaries only, the Dar Al-Arkan Event entitled "Insolvency" no longer apply to Dar Al-Arkan and/or its Significant Subsidiaries, as the case may be. In order to exercise this option, Dar Al-Arkan must: (a) irrevocably deposit in trust with the Trustee money or Government Obligations that, through the payment of principal and profit and/or other distributions in respect thereof in accordance with their terms, will provide money in an amount sufficient to pay an amount equal to the Required Defeasance Amount; and (b) obtain certain certificates and legal opinions, as more particularly described in the Guarantee. Such money or government obligations and all other sums derived therefrom and rights in respect thereof will form part of the relevant Trust Assets and will be held in such manner as the Delegate shall approve in its absolute discretion.

Definitions

For purposes of the Guarantee, unless otherwise defined or unless the context otherwise requires, terms used shall have the meanings set forth in the Master Trust Deed, the relevant Supplemental Trust Deed, the applicable Final Terms or the Conditions, and the following terms shall have the following meanings:

2022 Sukuk Certificates means any of the U.S.$500 million Certificates due 2022 issued by Dar Al-Arkan Sukuk Company Ltd. in April 2017.

2023 Sukuk Certificates means any of the U.S.$500 million Certificates due 2023 issued by Dar Al-Arkan Sukuk Company Ltd. in March 2018.

Additional Assets means:

(1) any real property whether undeveloped, in development or developed, plant or equipment used in a Related Business together with any improvements thereon;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Guarantor or another Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary,

provided, however, that any such Restricted Subsidiary described in (2) or (3) above is primarily engaged in a Related Business.

Affiliate of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, **control** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms **controlling** and **controlled** have meanings correlative to the foregoing. For purposes of Paragraphs 2.2 (*Limitation on Restricted Payments*), 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*) and 2.5 (*Limitation on Affiliate Transactions*) only, **Affiliate** shall also mean any beneficial owner of Capital Stock representing 5 per cent. or more of the total voting power of the Voting Stock (on a fully diluted basis) of the Guarantor or of rights or warrants to purchase such Capital Stock (whether or not currently exercisable) and any Person who would be an Affiliate of any such beneficial owner pursuant to the first sentence hereof.

Asset Disposition means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by the Guarantor or any Restricted Subsidiary, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a **disposition**), of:

(1) any shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Guarantor or a Restricted Subsidiary);

(2) all or substantially all the property or assets of any division or line of business of the Guarantor or any Restricted Subsidiary; or

(3) any other assets of the Guarantor or any Restricted Subsidiary outside of the ordinary course of business of the Guarantor or such Restricted Subsidiary.

Notwithstanding (1), (2) and (3) above, the following shall not be Asset Dispositions:

(A) sales, transfers or other dispositions of inventory, receivables and other current assets and investment properties and development properties reflected on the Guarantor's consolidated statement of financial position, in each case in the ordinary course of business;

(B) a disposition by a Restricted Subsidiary to the Guarantor or by the Guarantor or a Restricted Subsidiary to a Restricted Subsidiary;

(C) for purposes of Paragraph 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*) only, a disposition that constitutes a Restricted Payment (or would constitute a Restricted Payment but for the exclusions from the definition thereof) and that is not prohibited by Paragraph 2.2 (*Limitation on Restricted Payments*);

(D) a disposition of assets with a Fair Market Value of less than SAR 5.0 million in any transaction or series of related transactions;

(E) a disposition of cash or Temporary Cash Investments;

(F) the creation of a Lien (but not the sale or other disposition of the property subject to such Lien);

(G) an issuance of Capital Stock by a Restricted Subsidiary to the Guarantor or to another Restricted Subsidiary;

(H) transactions permitted under Paragraph 2.10 (*Merger and Consolidation*);

(I) dispositions in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements; and

(J) the grant of licenses to intellectual property rights to third parties on an arm's length basis in the ordinary course of business.

Asset Disposition Offer has the meaning given to it in Paragraph 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*).

Attributable Debt in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (implicit in the lease determined in accordance with IFRS or the periodic distribution rate borne by the relevant Certificates, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); provided, however, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation".

Average Life means, as of the date of determination, with respect to any Indebtedness, the quotient obtained by dividing:

(1) the sum of the product of the numbers of years from the date of determination to the dates of each successive scheduled principal payment of or redemption or similar payment with respect to such Indebtedness multiplied by the amount of such payment by

(2) the sum of all such payments.

Base Prospectus means the base prospectus relating to the Programme most recently published prior to the relevant Issue Date, including any supplements relating thereto.

Board of Directors means the Board of Directors of the Guarantor or any committee thereof duly authorised to act on behalf of such Board.

Business Day means each day which is not a Legal Holiday.

Capital Lease Obligation means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with IFRS, and the amount of Indebtedness represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of Paragraph 2.8 (*Limitation on Liens*), a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

Capital Stock of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, but excluding any debt securities convertible into such equity.

Compliance Certificate means the certificate to be provided by the Guarantor to the Delegate pursuant to Clause 8.1(d) of the Master Trust Deed.

Conditions means the terms and conditions relating to the Certificates as set out in Schedule 2 to the Master Trust Deed (as the same may from time to time be modified in accordance with the provisions of the Master Trust Deed) as modified, with respect to any Certificate represented by a Global Certificate, by the provisions of the relevant Global Certificate and the applicable Final Terms, and any reference in the Guarantee to a numbered **Condition** is to the corresponding numbered provision thereof.

Consolidated Coverage Ratio as of any date of determination means the ratio of (x) the aggregate amount of EBITDA for the period of the most recent four consecutive fiscal quarters ending at least 60 days prior to the date of such determination to (y) Consolidated Finance Cost for such four fiscal quarters; provided, however, that:

(1) if the Guarantor or any Restricted Subsidiary has Incurred any Indebtedness since the beginning of such period that remains outstanding or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence of Indebtedness, or both, EBITDA and Consolidated Finance Cost for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred on the first day of such period;

(2) if the Guarantor or any Restricted Subsidiary has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of such period or if any Indebtedness is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) on the date of the transaction giving rise to the need to calculate the Consolidated Coverage Ratio, EBITDA and Consolidated Finance Cost for such period shall be calculated on a pro forma basis as if such discharge had occurred on the first day of such period and as if the Guarantor or such Restricted Subsidiary had not earned the interest or profit income actually earned during such period in respect of cash or Temporary Cash Investments used to repay, repurchase, defease or otherwise discharge such Indebtedness;

(3) if since the beginning of such period the Guarantor or any Restricted Subsidiary shall have made any Asset Disposition, EBITDA for such period shall be reduced by an amount equal to EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period, or increased by an amount equal to EBITDA (if negative), directly attributable thereto for such period and Consolidated Finance Cost for such period shall be reduced by an amount equal to the Consolidated Finance Cost directly attributable to any Indebtedness of the Guarantor or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Guarantor and its continuing Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Finance Cost for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Guarantor and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(4) if since the beginning of such period the Guarantor or any Restricted Subsidiary (by merger or otherwise) shall have made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with

a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Finance Cost for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition had occurred on the first day of such period; and

(5) if since the beginning of such period any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Guarantor or any Restricted Subsidiary since the beginning of such period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (3) or (4) above if made by the Guarantor or a Restricted Subsidiary during such period, EBITDA and Consolidated Finance Cost for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition had occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Finance Cost associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting Officer of the Guarantor. If any Indebtedness bears a floating rate of interest or profit and is being given pro forma effect, the interest or profit on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months). If any Indebtedness is incurred under a revolving credit facility and is being given pro forma effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four fiscal quarters subject to the pro forma calculation to the extent that such Indebtedness was incurred solely for working capital purposes.

Consolidated Finance Cost means, for any period, the total interest expense or finance cost of the Guarantor and its consolidated Restricted Subsidiaries, plus, to the extent not included in such total interest expense or finance cost, and to the extent incurred by the Guarantor or its Restricted Subsidiaries, without duplication:

(1) interest expense or other finance costs attributable to Capital Lease Obligations;

(2) amortisation of debt discount and debt issuance cost;

(3) capitalised interest or other finance costs;

(4) non-cash interest expense or finance costs;

(5) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing;

(6) net payments pursuant to Hedging Obligations;

(7) dividends accrued in respect of all Disqualified Stock of the Guarantor held by Persons other than the Guarantor or a Wholly Owned Subsidiary (other than dividends payable solely in Capital Stock (other than Disqualified Stock) of the Guarantor);

(8) interest or finance cost incurred in connection with Investments in discontinued operations;

(9) interest or finance cost accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by (or secured by the assets of) the Guarantor or any Restricted Subsidiary; and

(10) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest, finance cost or fees to any Person (other than the Guarantor) in connection with Indebtedness Incurred by such plan or trust.

Consolidated Net Income means, for any period, the net income of the Guarantor and its consolidated Subsidiaries; provided, however, that there shall not be included in such Consolidated Net Income:

(1) any net income (but not the loss) of any Person (other than the Guarantor) if such Person is not a Restricted Subsidiary, except that subject to the exclusion contained in clause (4) below, the Guarantor's equity of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Guarantor or a

Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below);

(2) any net income (or loss) of any Person acquired by the Guarantor or a Subsidiary in a pooling of interests transaction (or any transaction accounted for in a manner similar to a pooling of interests) for any period prior to the date of such acquisition;

(3) solely for the purpose of determining the amount available for Restricted Payments under Clause (a)(3) and (b)(12) of Paragraph 2.2 (*Limitation on Restricted Payments*), any net income (but not the loss) of any Restricted Subsidiary if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly (other than any restriction permitted under Paragraph (a)(a)(i)(A)(1), (2), (3), (5) and (8) (to the extent Clause (8) refers to Clauses (1), (2), (3) or (5))), to the Guarantor, except that subject to the exclusion contained in clause (4) below, the Guarantor's equity of any such Restricted Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Restricted Subsidiary during such period to the Guarantor or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Restricted Subsidiary, to the limitation contained in this clause);

(4) any gain (or loss) realised upon the sale or other disposition of any assets of the Guarantor, its consolidated Subsidiaries or any other Person (including pursuant to any sale-and-leaseback arrangement) which are not sold or otherwise disposed of in the ordinary course of business and any gain (or loss) realised upon the sale or other disposition of any Capital Stock of any Person;

(5) extraordinary gains or losses; and

(6) the cumulative effect of a change in accounting principles,

in each case, for such period. Notwithstanding the foregoing, for the purposes of Paragraph 2.2 (*Limitation on Restricted Payments*) only, there shall be excluded from Consolidated Net Income any repurchases, repayments or redemptions of Investments, proceeds realised on the sale of Investments or return of capital to the Guarantor or a Restricted Subsidiary to the extent such repurchases, repayments, redemptions, proceeds or returns increase the amount of Restricted Payments permitted under clause (a)(3)(D) of Paragraph 2.2 (*Limitation on Restricted Payments*).

Credit Facility means any credit agreement or any agreement or arrangement (including any capital markets issuance-related) having the commercial effect of either a borrowing, or a drawing under a credit agreement, to be entered into by the Guarantor or its Restricted Subsidiaries, together with all related documents thereto (including any Ijara agreements and Murabaha agreements which are not entered into for speculation, any capital markets issuance-related documentation, the term loans and revolving loans under a credit agreement, any guarantees and security documents), as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, whether entered into in accordance with the principles of Sharia or otherwise, including, without limitation, the Existing Credit Facilities, and any agreement (and related document) governing Indebtedness incurred to Refinance, in whole or in part, the borrowings, payment obligations and commitments then outstanding or permitted to be outstanding under such Credit Facility or a successor Credit Facility, whether by the same or any other lender, holder of securities or counterparty or group of lenders, holders of securities or counterparties, whether in accordance with the principles of Sharia or otherwise.

Currency Agreement means any foreign exchange contract, currency swap agreement, cross currency profit rate swap agreement or other similar agreement with respect to currency values whether entered into in accordance with the principles of Sharia or otherwise.

Current Assets means the aggregate amount of the Guarantor and its consolidated Subsidiaries' cash and cash equivalents, net accounts receivable, projects under construction, developed lands, prepaid expenses and short term investments.

Current Liabilities means the aggregate amount of the Guarantor and its consolidated Subsidiaries' obligations (other than contingent obligations) for the payment or repayment of money on demand or within a year from the date of computation, whether actual or contingent.

Current Ratio means Current Assets divided by Current Liabilities.

Dar Al-Arkan Event has the meaning given to it in Condition 14.2 under "*Terms and Conditions of the Certificates*".

Default means a Dar Al-Arkan Event or any event which is, or after notice or passage of time or both would be, a Dar Al-Arkan Event.

Disqualified Stock means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

(1) matures or is mandatorily redeemable (other than redeemable only for Capital Stock of such Person which is not itself Disqualified Stock) pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable at the option of the holder for Indebtedness or Disqualified Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part;

in each case on or prior to the first anniversary of the Stated Maturity of the relevant Certificates; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an Asset Disposition or Change of Control or Certificateholder Put Option occurring prior to the first anniversary of the Stated Maturity of the relevant Certificates shall not constitute Disqualified Stock if:

(1) the Asset Disposition or Change of Control or Certificateholder Put Option provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the relevant Certificates and contained in Paragraph 2.4 (*Limitation on Sales of Assets and Subsidiary Stock*) and "*Terms and Conditions of the Certificates-Repurchase of Certificates following a Change of Control and Certificateholder Put Option*"; and

(2) any such requirement only becomes operative after compliance with such terms applicable to the relevant Certificates, including the purchase of any Certificates tendered pursuant thereto.

The amount of any Disqualified Stock that does not have a fixed redemption, repayment or repurchase price will be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed, repaid or repurchased on any date on which the amount of such Disqualified Stock is to be determined; provided, however, that if such Disqualified Stock could not be required to be redeemed, repaid or repurchased at the time of such determination, the redemption, repayment or repurchase price will be the book value of such Disqualified Stock as reflected in the most recent financial statements of such Person.

Distribution Shortfall Restoration Amount has the meaning given to it in Condition 4.1 under "*Terms and Conditions of the Certificates*".

EBITDA for any period means the sum of Consolidated Net Income, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) all imputed tax expense relating to income or profits (excluding implied property tax, social tax and value-added tax) of the Guarantor and its consolidated Restricted Subsidiaries;

(2) Consolidated Finance Cost;

(3) depreciation and amortisation expense of the Guarantor and its consolidated Restricted Subsidiaries (excluding amortisation expense attributable to a prepaid item that was paid in cash in a prior period); and

(4) all other non-cash charges of the Guarantor and its consolidated Restricted Subsidiaries (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period) less all non-cash items of income of the Guarantor and its consolidated Restricted Subsidiaries (other than accruals of revenue by the Guarantor and its consolidated Restricted Subsidiaries in the ordinary course of business),

in each case for such period. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortisation and non-cash charges of, a Restricted Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income or loss of such Restricted Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to the Guarantor by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Existing Credit Facilities has the meaning given to it in the relevant Supplemental Trust Deed.

Existing Sukuk Certificate has the meaning given to it in the relevant Supplemental Trust Deed.

Extraordinary Resolution has the meaning given to it in the Master Trust Deed.

Fair Market Value means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value will be determined in good faith by the Board of Directors, whose determination will be conclusive and evidenced by a resolution of such Board of Directors. For purposes of determining the Fair Market Value of Capital Stock, the value of the Capital Stock of a Person shall be based upon such Person's property and assets, exclusive of goodwill or any similar intangible asset.

Financial Statements means the Guarantor's audited financial statements for the three most recent financial years preceding the relevant Issue Date.

Government Obligation means direct obligations (or certificates or other instruments representing an ownership interest in such obligations) of the United States (including any agency or instrumentality thereof) issued in compliance with the principles of Sharia, for the payment of which the full faith and credit of the United States is pledged and which are not callable at the issuer's option.

Hedging Obligations of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

Holder or **Certificateholder** means the Person in whose name a Certificate is registered on the relevant Register.

IFRS means International Financial Reporting Standards as in effect from time to time.

Ijara Agreements means, in respect of each Series of Certificates, the ijara agreements to be entered into between the Investment Manager and the relevant Restricted Subsidiaries substantially in the form of Part A of Schedule 1 of the Investment Management Agreement, together with the related Sale and Purchase Agreements, Purchase Undertakings and Service Agency Agreements.

Incur means issue, assume, guarantee, incur or otherwise become liable for; provided, however, that any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Person at the time it becomes a Restricted Subsidiary. The term **Incurrence** when used as a noun shall have a correlative meaning. Solely for purposes of determining compliance with Paragraph 2.1 (*Limitation on Indebtedness*):

(1) amortisation of debt discount or the accretion of principal with respect to a non-interest bearing or other discount security;

(2) the payment of regularly scheduled interest in the form of additional Indebtedness of the same instrument or the payment of regularly scheduled dividends on Capital Stock in the form of additional Capital Stock of the same class and with the same terms; and

(3) the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or the making of a mandatory offer to purchase such Indebtedness,

will not be deemed to be the Incurrence of Indebtedness.

Indebtedness means, with respect to any Person on any date of determination (without duplication):

(1) the principal in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds, trust certificates or other similar instruments for the payment of which such Person is responsible or liable, including, in each case, any premium or profit on such indebtedness to the extent such premium or profit has become due and payable;

(2) all Capital Lease Obligations of such Person and all Attributable Debt in respect of Sale/Leaseback Transactions entered into by such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, assets or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding any accounts payable or other liability to trade creditors arising in the ordinary course of business);

(4) the amount of all payment obligations under any other transaction (including any Sharia compliant financing, purchase agreement, forward sale or forward purchase agreement, lease agreement, sale and sale back or sale and leaseback agreement) having the commercial effect of either a borrowing or a drawing under a credit facility;

(5) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bankers' acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following payment on the letter of credit);

(6) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person;

(7) all obligations of the type referred to in clauses (1) through (6) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Indebtedness Guarantee as defined;

(8) all obligations of the type referred to in clauses (1) through (7) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the Fair Market Value of such property, assets or revenue and the amount of the obligation so secured; and

(9) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

Notwithstanding the foregoing, for the avoidance of doubt, any indebtedness in respect of deposits made by potential or actual purchasers of real estate of the Guarantor in the ordinary course of its day to day real estate and development activities shall not constitute Indebtedness and in connection with the purchase by the Guarantor or any Restricted Subsidiary of any business, the term "Indebtedness" will exclude post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above; provided, however, that in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time.

Indebtedness Guarantee means, in relation to any Indebtedness of any person, any obligation of another person to pay such Indebtedness including (without limitation):

(i) any obligation to purchase such Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;