BASE PROSPECTUS DATED 5 JULY 2023

Dar Al-Arkan Sukuk Company Ltd.

(incorporated in the Cayman Islands with limited liability)

U.S.$2,500,000,000
Trust Certificate Issuance Programme

Under the U.S.$2,500,000,000 trust certificate issuance programme described in this Base Prospectus (the **Programme**), Dar Al-Arkan Sukuk Company Ltd. (in its capacities as issuer and as trustee, the **Trustee**), subject to compliance with all applicable laws, regulations and directives, may from time to time issue trust certificates (the **Certificates**) in any currency agreed between the Trustee and the relevant Dealer (as defined below).

Certificates may only be issued in registered form. The maximum aggregate face amount of all Certificates from time to time outstanding under the Programme will not exceed U.S.$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

Each Series (as defined herein) of Certificates issued under the Programme will be constituted by (i) an amended and restated master trust deed (the **Master Trust Deed**) dated 5 July 2023 entered into between the Trustee, Dar Al-Arkan Real Estate Development Company (**Dar Al-Arkan**) and Deutsche Trustee Company Limited as delegate of the Trustee (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, each a **Trust Deed**) in relation to the relevant Series. Pursuant to the relevant Trust Deed, the Trustee will declare a trust (the **Trust**) over, *inter alia*, all of its rights, title, interest and benefit, present and future, in, to and under the relevant Lease Assets (as defined herein), and the Certificates of the relevant Series will confer on the holders of those Certificates from time to time (the **Certificateholders**) the right to receive payments (as more particularly described herein) arising from the relevant Trust Assets (as defined herein).

The Certificates may be issued on a continuing basis to one or more of the Dealers (each a **Dealer** and together the **Dealers**) specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Trustee and Dar Al-Arkan, which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the relevant Dealer shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Certificates.

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the **FCA**) as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval by the FCA should not be considered as an endorsement of the Trustee or Dar Al-Arkan or of the quality of the Certificates that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the FCA for Certificates (other than Exempt Certificates (as defined below)) issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Certificates to be admitted to trading on the London Stock Exchange's main market.

References in this Base Prospectus to Certificates being **listed** (and all related references) shall mean that such Certificates have been admitted to the Official List and admitted to trading on the London Stock Exchange's main market. The London Stock Exchange's main market is a United Kingdom (**UK**) regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a regulated market in the UK. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Notice of the aggregate face amount of Certificates and any other terms and conditions not contained herein which are applicable to each Series will be set out in a final terms document (the **applicable Final Terms**) which, with respect to Certificates to be listed on the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or around the date of issue of such Series. In the case of Exempt Certificates, the notice of the aggregate face amount of such Exempt Certificates and certain other information which is applicable to each Series will be set out in a pricing supplement document (the applicable **Pricing Supplement**). Accordingly, in the case of Exempt Certificates, each reference in this Base Prospectus to the applicable Final Terms shall be read and construed as a reference to the applicable Pricing Supplement, unless the context requires otherwise.

The requirement to publish a prospectus under the Financial Services and Markets Act 2000, as amended (the FSMA) and the UK Prospectus Regulation only applies to Certificates which are to be admitted to trading on a UK regulated market as defined in UK MiFIR and/or offered to the public in the UK other than in circumstances where an exemption is available under section 86 of the FSMA and the UK Prospectus Regulation.

References in this Base Prospectus to Exempt Certificates are to Certificates for which no prospectus is required to be published under the FSMA and the UK Prospectus Regulation. Information contained in this Base Prospectus regarding Exempt Certificates and any Pricing Supplement relating thereto shall not be deemed to form part of this Base Prospectus. The FCA has neither reviewed nor approved any information contained in this Base Prospectus in relation to the Exempt Certificates and any Exempt Certificates issued pursuant to a Pricing Supplement will not be compliant with the UK Prospectus Regulation.

For the purposes of any Exempt Certificates issued pursuant to this Programme, this document does not constitute a base prospectus for the purposes of the FSMA or the UK Prospectus Regulation.

The Trustee and Dar Al-Arkan may agree with any Dealer that Certificates may be issued with terms and conditions not contemplated by the Terms and Conditions of the Certificates herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

The Certificates have not been nor will be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, Certificates may be offered or sold solely to persons who are not U.S. persons (as defined in Regulation S) outside the United States in reliance on Regulation S. Each purchaser of the Certificates is hereby notified that the offer and sale of Certificates to it is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S.

Dar Al-Arkan has been rated B1 by Moody's Investors Service Limited (**Moody's**). The Programme is expected to be rated B1 by Moody's.

Moody's is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). Moody's is not established in the European Economic Area (the **EEA**) and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Accordingly, the ratings issued by Moody's have been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation and have not been withdrawn. Moody's Deutschland GmbH is established in the EEA and registered under the CRA Regulation. As such, Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation.

Where a Series of Certificates is rated, such rating will be specified in the applicable Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft, the Internal Sharia Supervision Committee of Emirates NBD – Islamic and the Standard Chartered Bank Global Shariah Supervisory Committee. Prospective investors should not rely on such approvals in deciding whether to make an investment in the Certificates and should consult their own *Shari'a* advisers as to whether the proposed transaction described in such approvals is in compliance with their individual standards of compliance with *Shari'a* principles.

Amounts payable on floating rate Certificates will be calculated by reference to one of EURIBOR or SAIBOR as specified in the applicable Final Terms. As at the date of this Base Prospectus, the administrators of EURIBOR and SAIBOR are included in the FCA's register of administrators under Article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**).

Names of Arrangers and Dealers

Alkhair Capital (Dubai) Limited **Deutsche Bank**

Emirates NBD Capital **Standard Chartered Bank**

The date of this Base Prospectus is 5 July 2023.

This Base Prospectus comprises a base prospectus in respect of all Certificates other than Exempt Certificates issued under the Programme for the purposes of Article 8 of the UK Prospectus Regulation.

Each of the Trustee and Dar Al-Arkan accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of each of the Trustee and Dar Al-Arkan the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and, in relation to any Series of Certificates, should be read and construed together with the applicable Final Terms.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Certificates are the relevant Dealer or the Managers, as the case may be, appointed as such for those Certificates.

Copies of Final Terms and Pricing Supplements will be available from the registered office of the Trustee and the specified office set out below of the Principal Paying Agent (as defined below) save that, if the relevant Certificates are neither admitted to trading on a UK regulated market as defined in UK MiFIR nor offered in the United Kingdom in circumstances where a prospectus is required to be published under the FSMA and the UK Prospectus Regulation, the applicable Pricing Supplement will only be obtainable by a Certificateholder holding one or more Certificates and such Certificateholder must produce evidence satisfactory to the Trustee or, as the case may be, the Principal Paying Agent as to its holding of such Certificates and identity.

No person is or has been authorised by the Trustee or Dar Al-Arkan to give any information or to make any representation not contained in or not consistent with this Base Prospectus in connection with the Programme or the Certificates and, if given or made, such information or representation must not be relied upon as having been authorised by the Trustee, Dar Al-Arkan, the Dealers, the Delegate, the Agents (each as defined herein) or any other person. Neither the delivery of this document nor any sale of any Certificates shall, under any circumstances, constitute a representation or create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Delegate and the Agents expressly do not undertake to review the financial condition or affairs of the Trustee, Dar Al-Arkan or Dar Al-Arkan and its consolidated subsidiaries (together, the **Group**) at any point, including during the life of the Programme, or to advise any investor in Certificates issued under the Programme of any information coming to their attention.

The Group's real estate portfolio has not been, and will not be, subject to any valuation process in connection with the issue of any Certificates under the Programme as described in this Base Prospectus. Accordingly, none of the Trustee, the Dealers, the Delegate or any of the Agents expresses any opinion on the valuation of the Group's real estate portfolio, or any part thereof, or as to the identity of the valuers thereof, as at the date of this Base Prospectus or any other date. In particular, none of the Trustee, the Dealers, the Delegate or any of the Agents has performed any investigation into the Group's title to its real estate portfolio, or any part thereof. Similarly, no such party has conducted any investigation into the circumstances of any valuation conducted by any other party in respect of such portfolio, or any part thereof, in connection with the preparation of this Base Prospectus (whether for the purposes of the preparation of Dar Al-Arkan's consolidated financial statements or otherwise), and no such party will conduct any such investigation at any time after the date hereof. The Trustee, the Dealers, the Delegate and the Agents therefore make no representation or give any other assurance as to any such matters.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the FCA.

None of the Trustee, the Dealers, the Delegate, the Agents or any of their respective affiliates has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of them as to the accuracy, adequacy, reasonableness or completeness of the information contained in this Base Prospectus or any other information provided by the Trustee or Dar Al-Arkan in connection with the Programme. None of the Dealers, the Delegate or any of the Agents or any of their respective affiliates accepts any responsibility for any act or omission of the Trustee, Dar Al-Arkan or any other person in connection with the issue and offering of any Certificates.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Certificates is (i) intended to provide the basis of any credit or other evaluation or (ii) should be considered as a

recommendation by the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents that any recipient of this Base Prospectus should purchase any Certificates. Each investor contemplating purchasing any Certificates should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee, Dar Al-Arkan and the Group. None of the Trustee, the Dealers, the Delegate or the Agents accepts any liability in relation to the information contained in this Base Prospectus or any other information provided by the Trustee and Dar Al-Arkan in connection with the Programme.

The Certificates of any Series may not be a suitable investment for all investors. Each prospective investor in Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Certificates, the merits and risks of investing in the relevant Certificates and the information contained in this Base Prospectus;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Certificates and the impact the relevant Certificates will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Certificates, including where the currency of payment is different from the prospective investor's currency;

(d) understand thoroughly the terms of the relevant Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the prospective investor's overall investment portfolio.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) Certificates are legal investments for it, (2) Certificates can be used as collateral for various types of financing and (3) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Certificates under any applicable risk-based capital or similar rules.

No comment is made or advice given by the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents in respect of taxation matters relating to any Certificates or the legality of the purchase of the Certificates by an investor under any applicable law.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, *SHARI'A* ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS, *SHARI'A* AND RELATED MATTERS CONCERNING THE PURCHASE OF ANY CERTIFICATES.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. None of the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents represents that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither

this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Certificates. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA, the UK, the Cayman Islands, Japan, the Kingdom of Saudi Arabia (the **Kingdom**), the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market), the Dubai International Financial Centre, the Kingdom of Bahrain, the State of Qatar (including the Qatar Financial Centre), Singapore, Hong Kong and Malaysia, see "*Subscription and Sale*".

None of the Dealers, the Trustee, Dar Al-Arkan, the Delegate or any of the Agents makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time.

In this Base Prospectus, unless the contrary intention appears a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Industry and Market Data

In this Base Prospectus, certain information regarding the Kingdom, the Kingdom's real estate industry and other data regarding the market segment in which Dar Al-Arkan operates have been extracted or derived from data and analysis obtained from various publicly available third party sources and materials, each of which is identified in this Base Prospectus. Such information may be approximations or estimates or use rounded numbers. In addition, in some cases, rounding adjustments have been made to some of this information for consistency of presentation. Some data has been based on Dar Al-Arkan's estimates, which have been derived from a review of both internal and independent surveys. Such information, sources, and estimates are believed to be reliable, but have not been independently verified by the Trustee or Dar Al-Arkan or any of their respective advisers and no representation is made with respect to their accuracy or completeness. However, the Trustee and Dar Al-Arkan confirm that such information has been accurately reproduced in this Base Prospectus and that as far as the Trustee and Dar Al-Arkan are aware and able to ascertain from such information, no facts have been omitted which render the reproduced information inaccurate or misleading.

In addition, statements are made in this Base Prospectus regarding Dar Al-Arkan's competitive position in its industry based on the experience of Dar Al-Arkan's management and their assessment of market conditions. While the Trustee and Dar Al-Arkan believe these statements to be reasonable and fair approximations, to the extent that such statements are in part derived from information contained in the third-party sources discussed above, these statements cannot be, and have not been, verified by the Trustee and Dar Al-Arkan.

Industry and market data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any survey of market size. None of the publications, reports or other published industry sources referred to in this Base Prospectus were commissioned by the Trustee, Dar Al-Arkan, the Dealers, the Agents or the Delegate or prepared at their request.

Presentation of Financial Information

The consolidated financial statements of Dar Al-Arkan as of and for the year ended 31 December 2022 (the **2022 Audited Financial Statements**) have been audited by Alluhaid & Alyahya Chartered Accountants (**LYCA**) and the consolidated financial statements of Dar Al-Arkan as of and for the year ended 31 December 2021 (the **2021 Audited Financial Statements**) have been audited by AlKharashi & Co. Certified Accountants and Auditors (**AlKharashi**). Each of the 2021 Audited Financial Statements and the 2022 Audited Financial Statements (together, the **Audited Financial Statements**) have been prepared in accordance with International Financial Reporting Standards (**IFRS**) that are endorsed in the Kingdom and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (**SOCPA**) (together, **IFRS as endorsed in the KSA**). The interim condensed consolidated financial statements of Dar Al-Arkan as of and for the three-month period ended 31 March 2023 (including the comparative information as at 31 December 2022 and for the three-month period ended 31 March 2022) (the **Interim Financial Statements**) have been reviewed by LYCA, and have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting"

that is endorsed in the Kingdom. Neither the Audited Financial Statements nor the Interim Financial Statements incorporated by reference into this Base Prospectus (see "*Documents Incorporated by Reference*") have been prepared in accordance with UK-adopted international accounting standards. There are no material differences between UK-adopted international accounting standards and the accounting standards used in the preparation of the Audited Financial Statements and the Interim Financial Statements.

The financial data set out in this Base Prospectus as of and for the year ended 31 December 2020 has been derived from the comparative financial information as of and for the year ended 31 December 2020 included in the 2021 Audited Financial Statements. The financial data set out in this Base Prospectus as of and for the year ended 31 December 2021 has been derived from the comparative financial information as of and for the year ended 31 December 2021 included in the 2022 Audited Financial Statements. The financial data set out in this Base Prospectus as of and for the three-month period ended 31 March 2022 has been derived from the comparative financial information as of and for the three-month period ended 31 March 2022 included in the Interim Financial Statements.

Dar Al-Arkan's financial year ends on 31 December and references in this Base Prospectus to 2022, 2021 and 2020 are (where the context so requires) to the 12 month period ending on 31 December in each such year.

Dar Al-Arkan presents its financial statements in Saudi Riyals, which is Dar Al-Arkan's functional currency.

Presentation of Statistical Information

The statistical information in the section entitled "*Overview of the Kingdom"* and "*Overview of the Real Estate Sector in the Kingdom*" has been accurately reproduced from a number of different identified sources. All statistical information provided in that section may differ from that produced by other sources for a variety of reasons, including the use of different definitions and cut-off times. Gross domestic product (**GDP**) data for the year ended 31 December 2022 is not final and may be subject to revision in future periods and certain other historical GDP data set out in that section may also be subject to future adjustment.

Presentation of Other Information

In this Base Prospectus, unless otherwise specified, references to **SAR**, **Saudi Riyal** and **Riyal** are to the lawful currency of the Kingdom and references to **U.S.$** and **U.S. Dollar** are to the lawful currency of the United States of America. The Kingdom follows a fixed exchange rate policy under which the Saudi Riyal is pegged to the U.S. Dollar at the exchange rate of U.S.$1 = SAR 3.75.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The language of the Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Information contained in any website referred to herein (with the exception of the websites which contain the documents incorporated by reference in this Base Prospectus) does not form part of this Base Prospectus.

Certain Definitions

In this Base Prospectus, references to:

- **bpd** means barrels per day;
- **development project** means a land development project or a residential and commercial project;
- **G20** means the Group of Twenty;
- **GASTAT** means the General Authority for Statistics;
- **GCC** means the Gulf Cooperation Council;
- **Government** means the government of the Kingdom;

- **IMF** means the International Monetary Fund;
- **land development project** means a project which involves the purchase of undeveloped land and the planning and development of basic infrastructure for residential and commercial use. Once this basic infrastructure has been completed, Dar Al-Arkan either sells the developed land to third party investors or to developers, develops a residential and commercial project on the developed land, or develops a residential and commercial project on a portion of the developed land and retains the remaining portion to sell once its value has appreciated due to the completion of the relevant residential and commercial project;
- **NTP** means the National Transformation Programme;
- **OPEC** means the Organization of the Petroleum Exporting Countries;
- **PIF** means the Public Investment Fund;
- **residential and commercial project** means a project which focuses on the development and sale of principally residential projects, including large master-planned projects, which each typically include commercial units such as retail areas, hospitals and schools;
- **SAIBOR** means the Saudi Arabian Interbank Offered Rate;
- **SAMA** means the Saudi Central Bank (formerly known as the Saudi Arabian Monetary Authority);
- **SREFC** means the Saudi Real Estate Financing Company; and
- **WTO** means the World Trade Organization.

Certain Non-IFRS Financial Information

This Base Prospectus includes certain financial information which has not been prepared in accordance with IFRS as endorsed in the KSA and which also constitutes alternative performance measures (**APMs**) as defined in the ESMA Guidelines on Alternative Performance Measures. In this Base Prospectus, this information comprises gross margin data which is presented as total gross profit (or gross profit for Sale of Development Properties, Sale of Residential Properties or Leasing of Properties, as applicable) for the relevant period as a percentage of total revenue from operations (or Sale of Development Properties revenue, Sale of Residential Properties revenue or Leasing of Properties revenue, as applicable) for the relevant period. None of this financial information is subject to any audit or review by independent auditors. However, Dar Al-Arkan believes that these measures provide useful supplementary information to both investors and Dar Al-Arkan's management, as they facilitate the evaluation of company performance. APMs are not measurements of Dar Al-Arkan's operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. The APMs relate to the reporting periods described in this Base Prospectus and are not intended to be predictive of future results. It should be noted that, since not all companies calculate financial measurements in the same manner, these are not always comparable to measurements used by other companies. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Base Prospectus constitute "forward looking statements". Such statements can generally be identified by their use of forward looking words such as "plans", "estimates", "believes", "expects", "may", "will", "should", "are expected", "would be", "anticipates" or the negative or other variations of such terms or comparable terminology. These forward looking statements reflect the current views of Dar Al-Arkan with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of Dar Al-Arkan to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward looking statements. Should any one or more of the risks or uncertainties materialise or any underlying assumptions on which a forward looking statement is based prove to be inaccurate or incorrect, actual results may vary materially from those described in this Base Prospectus, as anticipated, believed, estimated, planned or expected.

Investors are therefore strongly advised to read the sections "*Risk Factors*", "*Business*" and "*Financial Review*", which include a more detailed description of the factors that might have an impact on Dar Al-Arkan's business and on the industry sector in which Dar Al-Arkan operates.

The actual financial state of Dar Al-Arkan and the value of any Certificates may be adversely affected by future developments in inflation, financing charges, taxation, calculation of zakat or other economic, political and other factors, over which the Trustee and Dar Al-Arkan have no control. None of the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents intend to update or otherwise revise any information or forward looking statements in this Base Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this Base Prospectus might not occur in the way it is expected, or at all. Prospective investors should consider all forward looking statements in light of these explanations and should not place undue reliance on forward looking statements. Neither the delivery of this Base Prospectus nor any oral, written or printed interaction in relation to any Certificates is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

VOLCKER RULE

The Volcker Rule, which became effective on 1 April 2014, but was subject to a conformance period for certain entities that concluded on 21 July 2015, generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund", and (iii) entering into certain relationships with "covered funds". The general effects of the Volcker Rule remain uncertain; any prospective investor in the Certificates and any entity that is a "banking entity" as defined under the Volcker Rule which is considering an investment in the Certificates should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment. If investment by "banking entities" in the Certificates is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Certificates. No assurance can be made as to the effect of the Volcker Rule on the ability of certain investors subject thereto to acquire or retain an interest in the Certificates, and accordingly none of the Trustee, Dar Al-Arkan, the Arrangers, the Delegate, the Agents or the Dealers, or any of their respective affiliates makes any representation regarding (a) the status of the Trustee under the Volcker Rule (including whether it is a "covered fund" for their purposes) or (b) the ability of any purchaser to acquire or hold the Certificates, now or at any time in the future.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 (2020 REVISED EDITION) OF SINGAPORE, AS AMENDED OR MODIFIED FROM TIME TO TIME (THE *SFA*)

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Trustee has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that, unless otherwise stated in the Final Terms in respect of any Certificates (or the Pricing Supplement, in the case of any Exempt Certificates), the Certificates are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO UK RESIDENTS

Any Certificates to be issued under the Programme which do not constitute "alternative finance investment bonds" (AFIBs) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the UK Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the UK.

The distribution in the UK of this Base Prospectus, any Final Terms or Pricing Supplement, as the case may be, and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000

(Financial Promotion) Order 2005 (the *Financial Promotion Order*), (ii) persons falling within any of the categories of persons described in Article 49 (*High net worth companies, unincorporated associations, etc.*) of the Financial Promotion Order and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the *Promotion of CISs Order*), (ii) persons falling within any of the categories of person described in Article 22 (*High net worth companies, unincorporated associations, etc.*) of the Promotion of CISs Order and (iii) any other person to whom it may otherwise be lawfully promoted.

Persons of any other description in the UK may not receive and should not act or rely on this Base Prospectus, any Final Terms or Pricing Supplement, as the case may be, or any other marketing materials in relation to any Certificates.

Prospective investors in the UK in any Certificates are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the UK Financial Services Compensation Scheme.

Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates (or the Pricing Supplement, in the case of any Exempt Certificates) may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates (or the Pricing Supplement, in the case of any Exempt Certificates) will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public of the Cayman Islands to subscribe for any Certificates to be issued under this Programme and this Base Prospectus shall not be construed as an invitation to the public of the Cayman Islands to subscribe for any such Certificates.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the *CBB*) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in any other currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or any related offering documents and it has not in any way considered the merits of the securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

Any Certificates to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in the State of Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of the State of Qatar.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase the Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 (or Section 229(1)(b)), Part I of Schedule 7 (or Section 230(1)(b)) and Schedule 8 (or Section 257(3)), read together with Schedule 9 (or Section 257(3)) of the Capital Market and Services Act 2007 of Malaysia (the *CMSA*), as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or Dar Al-Arkan and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY SERIES, ONE OR MORE RELEVANT DEALERS (THE *STABILISATION MANAGER(S)*) (OR ANY PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE CERTIFICATES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE RELEVANT ISSUE DATE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE CERTIFICATES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE CERTIFICATES. ANY STABILISATION ACTION MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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RISK FACTORS

The purchase of any Certificates may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and merits of an investment in the Certificates. Before making an investment decision, prospective purchasers of Certificates should consider carefully, in the light of their own financial circumstances and investment objectives, all of the information in this Base Prospectus.

Each of the Trustee and Dar Al-Arkan believes that the factors described below represent the principal risks inherent in investing in Certificates, but the inability of the Trustee to pay any amounts on or in connection with any Certificate may occur for other reasons and none of the Trustee or Dar Al-Arkan represents that the statements below regarding the risks of holding any Certificate are exhaustive. There may also be other considerations, including some which may not be presently known to the Trustee or Dar Al-Arkan or which the Trustee or Dar Al-Arkan currently deems immaterial, that may impact any investment in Certificates.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this section.

RISK FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS IN RESPECT OF CERTIFICATES ISSUED UNDER THE PROGRAMME

The Trustee was incorporated under the Companies Act (As Revised) of the Cayman Islands on 11 April 2013 as an exempted company with limited liability. The Trustee has not engaged, and will not engage in, any business activity other than the issuance of Certificates under the Programme, the acquisition of the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, in respect of each Series, which will be held on trust for the Certificateholders, will be the Trust Assets relating to such Series, including the obligation of Dar Al-Arkan to make payments to the Trustee under the relevant Transaction Documents. The ability of the Trustee to pay amounts due on the Certificates will primarily be dependent upon receipt by the Trustee from Dar Al-Arkan of all amounts due under the Transaction Documents to which it is a party (which in aggregate may not be sufficient to meet all claims under the relevant Certificates and the Transaction Documents in the event that Dar Al-Arkan does not fully perform its obligations thereunder). Therefore, the Trustee is subject to all the risks to which Dar Al-Arkan is subject to the extent that such risks could limit Dar Al-Arkan's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents to which it is a party. See "*—Risk Factors that may affect Dar Al-Arkan's ability to fulfil its obligations under the Transaction Documents to which it is a party*" above for a further description of these risks.

RISK FACTORS THAT MAY AFFECT DAR AL-ARKAN'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS TO WHICH IT IS A PARTY

A. OPERATIONAL RISKS RELATING TO DAR AL-ARKAN AND ITS BUSINESS

The risks described under this heading A. ("Operational risks relating to Dar Al-Arkan and its business") have been categorised as operational risks. Operational risks relate to losses resulting from inadequate or failed internal processes, people and systems, or due to external events which are beyond the control of Dar Al-Arkan. Should an operational risk materialise without effective prevention or mitigation controls it would have a high level of impact. Operational risks are managed through policy, standards, procedure-based controls, active prevention and monitoring. Operational risks could adversely affect Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

Further context on Dar Al-Arkan's operational risks is set out below:

Dar Al-Arkan may not complete development projects that are currently under construction or in initial stages of development in the anticipated timeframe or at all

Completion of Dar Al-Arkan's current and planned development projects is subject to a number of risks, including uncertainties as to market demand or a reduction in market demand after construction has begun, delays or refusals

in obtaining all necessary building, occupancy and other required governmental and regulatory permits and authorisations, a requirement to make significant current capital expenditures for certain properties while receiving revenue from these properties over future periods, resulting in possible mismatches between expenditure and income and the possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available to Dar Al-Arkan on suitable terms or at all, each of which may result in certain of Dar Al-Arkan's projects not being profitable and hence halted or re-planned for other uses.

There can be no assurance that any or all of Dar Al-Arkan's current or future projects will be completed in the anticipated time frame or at all, and the inability to so complete a project could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Although Dar Al-Arkan does not act as a contractor itself, its projects are exposed to a number of construction risks, including delays in obtaining all, or refusals of any, necessary zoning, land use, building, development, occupancy and other required governmental permits, licences, approvals and authorisations (including due to new regulatory frameworks), unforeseen engineering, environmental or geological problems, Dar Al-Arkan's inability to obtain necessary financing arrangements on acceptable terms, or at all, and otherwise fund construction and capital improvements, default or failure, for any reason, by Dar Al-Arkan's contractors to finish projects on time and within budget, financial difficulties, defaults and insolvencies encountered by Dar Al-Arkan's contractors and subcontractors, which is a risk that may be increased in the current inflationary climate, an inability to find a suitable contractor either at the commencement of a project or following a default by an appointed contractor, whether on favourable terms or at all. In the situation where an appointed contractor defaults and Dar Al-Arkan needs to find a replacement contractor, even if Dar Al-Arkan were able to find such a replacement in a timely manner, it is likely that the cost to Dar Al-Arkan would increase given that any new contractor would need time to familiarise itself with the ongoing project, which in turn would cause further delays to the completion of the project, disruption in service and access to third parties, defective materials or building methods, disputes between contractors and/or subcontractors and their employees, shortages of, or defective, materials and/or equipment (including, in particular, cranes), labour and/or other necessary supplies (due to rising commodity prices or inflation or otherwise), adverse weather conditions, natural disasters, labour disputes, disputes with subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances and escalating costs of construction materials (for example, certain raw materials and other commodities common in the construction industry (the costs of which have increased recently as a result of logistical issues being experienced and inflationary pressures worldwide), and global commodity and energy prices (the cost of which has also increased recently).

Whilst the above risks apply in respect of Dar Al-Arkan's construction projects at any time, the risk of these events occurring has been heightened in recent years by the significant global economic downturn in 2020 caused by measures imposed around the world to restrict the spread of the coronavirus disease (**COVID-19**). Any of these factors, either alone or in combination, could materially delay the completion of a project or materially increase the costs associated with a project which could, in turn, have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The total estimated costs of Dar Al-Arkan's development projects may be subject to unanticipated increases

The total estimated costs of Dar Al-Arkan's development projects could increase unexpectedly due to a number of factors, including increases in the cost of construction materials and/or labour where Dar Al-Arkan has not entered into a fixed price contract with its contractor, defects in construction materials, discovery of defects in the land, shortages of project managers, contractors and construction specialists, both internally and externally, to ensure that planned projects are delivered both on time and on budget, strikes and work stoppages or other labour disputes or disturbances affecting Dar Al-Arkan's projects, contractors, sub-contractors or suppliers, design or construction defects and otherwise failing to complete projects according to design specification, changes or modifications in the design of the project based on market demand or regulatory requirements, changes in demand trends due to, among other things, a shift in buyer preferences, a downturn in the economy, a change in the surrounding environment of the project, including the location or operation of transportation hubs or population density or otherwise, failure of contractors, subcontractors or other third parties to perform their obligations adequately and/or on time, contractors, subcontractors or other third parties seeking to re-negotiate their agreements and government authorities applying additional requirements on development of projects.

In recent years, the real estate industry in the Kingdom has, in particular, experienced increases in the costs of construction materials and labour. The price of construction materials has fluctuated considerably in recent years, due to a range of factors including supply chain disruptions caused by the COVID-19 pandemic, increased international uncertainty driven by the ongoing military action between Russia and Ukraine, exchange rate variations and inflation. In addition, the cost of labour has increased due to increased levels of real estate development in the Kingdom and due to the contraction of the foreign labour population as a result of the COVID-19 pandemic. As a result, more recent contracts entered into by Dar Al-Arkan reflect this higher cost environment. There can be no assurance that these costs will not continue to increase or that Dar Al-Arkan will be able to reflect such costs increases in its sale or rental prices or that such sale or rental prices will be sufficient to allow Dar Al-Arkan to recover its costs for affected development projects. In addition, in relation to its existing contracts, although Dar Al-Arkan typically enters into fixed price contracts with its contractors, it may, from time to time, agree to increases in the contract price where costs have increased materially since the price was agreed. Any of the factors referred to above could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan depends on the ability of its contractors and subcontractors to complete projects on schedule and to maintain a consistent standard of quality

Dar Al-Arkan relies on the ability of its contractors and subcontractors to construct its development projects, who in turn rely on suppliers of construction materials. The ability of contractors and subcontractors to perform their obligations is subject to numerous factors which are beyond the control of Dar Al-Arkan, such as the insolvency of such contractors or subcontractors, their ability to hire adequate labour and to otherwise manage their own businesses efficiently. In addition, the ability of suppliers of construction materials to perform their obligations is subject to periodic shortages and price volatility in raw materials. A failure to complete projects on time or to maintain a consistent standard of quality may lead to difficulties in marketing Dar Al-Arkan's products, rescissions of sales or rental contracts and increased liabilities pursuant to customer warranty claims, each of which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's operations may be subject to delays due to the inability of utility and infrastructure providers to provide services and connections to Dar Al-Arkan's developments at the required levels and within the specified project delivery time

Access to some of Dar Al-Arkan's projects is dependent on the completion of connecting infrastructure, such as roads connecting a project with the city and the main regional road network and utilities for which third parties are responsible. There can be no assurance that material delays in delivering Dar Al-Arkan's projects will not occur in the future as a result of delays in the connection of infrastructure. As a result, Dar Al-Arkan's current projects may be delayed and future projects may be hindered due to the inability of utility providers to provide the required levels of water and power generation and connections for the utilities in a timely manner. In addition, a breakdown in Dar Al-Arkan's relationships with third party utility and infrastructure providers could cause further delays. Any delays in Dar Al-Arkan's projects, even if beyond Dar Al-Arkan's control, may adversely affect its brand and reputation which in turn could materially adversely affect its business, results of operations, cash flows and financial condition and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Successful development or sale of undeveloped land is dependent on the success of adjacent projects

Dar Al-Arkan owns undeveloped land areas adjacent to either established projects or projects under construction, which Dar Al-Arkan intends to develop or sell later at higher prices. The success of such strategy depends on the success of these projects adjacent to such undeveloped land. In the event that such projects are not successful or do not increase the desirability of the area as a whole, this could adversely affect the anticipated profit margin on such land or the ability of Dar Al-Arkan to develop or sell land, which may adversely impact Dar Al-Arkan's business, financial position, cash flows and results of operations and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Significant future acquisitions by Dar Al-Arkan could prove to be costly in terms of its time and resources and may impose post-acquisition integration risks

Any significant acquisitions that Dar Al-Arkan may make in the future could expose Dar Al-Arkan to numerous risks, including the diversion of management attention and financial resources that would otherwise be available for the ongoing development or expansion of existing operations; unexpected losses of key employees, customers and suppliers of the acquired operations; difficulties in integrating the financial, technological and management standards, processes, procedures and controls of the acquired business with those of Dar Al-Arkan's existing operations; and difficulties in obtaining any financing necessary to support the growth of the acquired businesses. If Dar Al-Arkan is unable to successfully meet the challenges associated with any significant acquisitions it may make, this could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects, and could therefore affect the ability of Dar Al-Arkan to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan may not be successful in implementing its growth and expansion strategy

In order to complement its existing business segments and reduce reliance on its real estate developments and business in the Kingdom, Dar Al-Arkan has, in recent years, sought to expand into new geographical markets outside the Kingdom. For example, Dar Al-Arkan launched its first international real estate project, "Urban Oasis by Missoni" (previously called the "I Love Florence Tower") in Dubai, the United Arab Emirates (the **UAE**), in December 2017. This international expansion continued in 2020 and 2021, and further accelerated in 2022, with the launch of a number of projects outside the Kingdom, including:

- the "Da Vinci Tower" and "W Residences" in Dubai, UAE;
- the "Sidra" gated community located close to Sarajevo, Bosnia and Herzegovina (**Bosnia**);
- the mixed-use residential projects of "Aida" and "Les Vagues" in Oman and Qatar, respectively;
- three mixed-use residential projects in the Malaga province of Spain ("Benahavis", "Tabano" and "Finca Cortesin"); and
- the refurbishment of a fourth floor apartment at 149 Old Park Lane, London, United Kingdom.

The above projects are all held by Dar Global PLC, an entity classified as an associate which the Group holds an 88 per cent. equity interest in (see "*Business—Dar Al-Arkan's Business Segments— Investments— Dar Global PLC*"). Entering into new geographical markets requires a significant diversion of resources and capital allocation, and therefore there can be no assurance that Dar Al-Arkan's international expansion strategy will diversify Dar Al-Arkan's revenue streams and generate sufficient income as intended. Any inability to successfully diversify its revenue streams and generate the intended levels of revenue from its growth and expansion strategy could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects, and could therefore affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's ability to implement its growth strategy also effectively requires expansion of management information system capabilities and operational systems and controls. Growth, whether organic or by acquisition, requires significant allocation of capital and management resources, further development of Dar Al-Arkan's financial and internal controls and information technology systems, continued upgrading and streamlining of its risk management systems and additional training and recruitment of management and other key personnel. Dar Al-Arkan must also maintain a consistent level of customer service and current operations to avoid loss of business or damage to its reputation. There can be no assurance that Dar Al-Arkan will be able to sustain its current levels of growth in the future. Any failure to meet resource expansion requirements and any failure to properly manage its future growth more generally could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Competition in the real estate industry may increase

Dar Al-Arkan faces competition from a number of local, national and international real estate developers. With respect to its residential and commercial projects, Dar Al-Arkan targets the middle-income segment of the real estate market and its primary competitors have historically been small and medium-sized developers operating in the Kingdom. However, the real estate sector in the Kingdom, where Dar Al-Arkan conducts the majority of its operations, is developing and Dar Al-Arkan may face competition from other property developers who may have greater expertise and financial, technical and marketing resources than the smaller developers with which Dar Al-Arkan has competed historically and such property developers may have greater expertise and resources than Dar Al-Arkan. Dar Al-Arkan's competitors in the Kingdom may lower their pricing or rental rates for properties which are comparable to those being sold or leased by Dar Al-Arkan, which may result in pressure on Dar Al-Arkan's pricing and rental rates. Similar competitive pressures also exist in the international markets in which Dar Al-Arkan operates most notably in Dubai where numerous large national and international developers operate. Such competition may affect Dar Al-Arkan's ability to sell land or completed properties at expected prices, if at all, or, in relation to investment properties, attract and retain tenants. Failure to compete effectively with such competitors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The due diligence process that Dar Al-Arkan undertakes in connection with new projects may not reveal all relevant facts

Dar Al-Arkan conducts due diligence and feasibility studies, sometimes with the assistance of outside consultants, by evaluating a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with a new project. Nevertheless, when conducting due diligence and making an assessment regarding a project, Dar Al-Arkan can only rely on resources available to it at the time, including information provided by third party investigations. In some cases, information cannot be verified by reference to the underlying sources to the same extent as Dar Al-Arkan could for information produced from its own internal sources. Dar Al-Arkan can offer no assurance that any due diligence investigation it carries out with respect to any project opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity. Any failure by Dar Al-Arkan to identify relevant facts through the due diligence process may cause it to make inappropriate business decisions, and may expose it to significant liabilities which Dar Al-Arkan may not have been aware of, all of which could have a material and adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and therefore on Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Real estate assets are inherently difficult to value

In recent years, a small number of private organisations have begun to publish statistical and other research data with respect to real estate in the Kingdom. However, this data is not as complete or reliable as data and research prepared in more developed real estate markets, primarily due to limited access to information regarding real estate sales prices in the Kingdom and the relatively short period of time for which such data and research has been published. This relative lack of complete and reliable statistical and other data makes it more difficult to assess real estate values in the Kingdom than in other more developed real estate markets.

Real estate assets are also inherently difficult to value. As a result, valuations are subject to substantial uncertainty, are dated as at certain (historical) dates and are subjective judgements which are made on the basis of assumptions which may not be correct. The difficulties in valuing real estate assets, and the inherent limitations therein, apply to the valuations which Dar Al-Arkan undertakes internally or through third party valuators from time to time with respect to its real estate assets. There can be no assurance that the sale of any of Dar Al-Arkan's development land or completed properties will be at a price which reflects the most recent valuation of the relevant asset, particularly if Dar Al-Arkan was forced to sell properties prior to the completion of their development or in adverse economic conditions. Accordingly, investors should not rely on any property valuations set out, or referred to, in this Base Prospectus when deciding whether or not to invest in the Certificates and should note that, in accordance with IFRS as endorsed in the KSA, all of Dar Al-Arkan's real estate assets are recorded in its financial statements at the lower of cost and net realisable value.

Dar Al-Arkan's completed properties are mainly commercial complexes and buildings which are rented to a range of related and third party tenants. Not all of Dar Al-Arkan's properties are currently fully leased and it is possible

that Dar Al-Arkan will not be able to lease in full these or any other properties it develops. As a result, the value of these properties may decrease and Dar Al-Arkan's revenues and profitability may be adversely affected, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows and results of operations and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's development projects could be subject to material physical damage due to natural disasters and other causes beyond Dar Al-Arkan's control

Dar Al-Arkan's development projects could be subject to material physical damage caused by fire, storms, earthquakes or other natural disasters, or by other causes such as terrorist attacks. Should any such event occur, Dar Al-Arkan could lose some or all of the capital it has invested in the development project as well as anticipated revenues from the sale or lease of units on such projects. Despite that, Dar Al-Arkan would also remain obligated to pay any debt or other financial obligations related to the development of the project. Although Dar Al-Arkan seeks to ensure that its projects and income-generating properties are appropriately insured against such risks, the occurrence of any of the above risks to Dar Al-Arkan's projects or properties could result in losses (including loss of rent) that may not be fully compensated by its existing insurance or for which insurance coverage may not be available on commercially attractive terms. Further, certain types of risks and losses (for example, losses resulting from terrorism, acts of war or certain natural disasters) are not economically insurable or generally insured. In addition, where Dar Al-Arkan experiences an insured-against event, it cannot be certain that the proceeds of insurance which it receives will fully cover its loss including, for example, in the case where a financing document provides that any insurance proceeds should be used to pay the financiers. Dar Al-Arkan's insurance policies may be subject to deductibles or exclusions that could materially reduce the amount that it recovers and, in certain circumstances, the policies could be void or voidable at the option of the insurer. In addition, Dar Al-Arkan's insurers may become insolvent and therefore not be able to satisfy any claim in full or at all.

Any of the above occurrences could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows and results of operations and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan relies on third parties for significant support of its operations

Dar Al-Arkan currently receives significant assistance with respect to the planning and development of its land development projects and residential and commercial projects from project consultants. In addition, Saudi Home Loans Company (**SHL**), one of Dar Al-Arkan's associates, provides financing to purchasers of residential units on projects developed by Dar Al-Arkan in the Kingdom. Any delay or failure of these third parties in meeting their commitments to Dar Al-Arkan could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan relies on certain key personnel to operate its business

Dar Al-Arkan relies on the efforts, diligence, skill, network of business contacts and close supervision of its senior management team and other key personnel for the implementation of its strategy and its day-to-day operations. As of the date of this Base Prospectus, Dar Al-Arkan has been successful in attracting appropriately qualified individuals to fill management roles. However, competition for appropriately qualified personnel with the relevant expertise in the real estate sector in the Kingdom is high. If one or more members of Dar Al-Arkan's senior management team or key personnel were to resign, the loss of such personnel could result in, among other things, a loss of organisational focus, poor execution of operations, and a failure or delay to achieve some or all of its business strategies and may require the diversion of management resources. In addition, Dar Al-Arkan's future success as it expands its scope of operations will depend, in part, on its ability to attract, retain and motivate qualified personnel. Failure to retain current key personnel or to attract and retain additional qualified personnel could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan could be subject to cyber-attacks which could significantly disrupt its business

In common with other major businesses based in the Kingdom, the wider GCC region and globally, the threat to the security of Dar Al-Arkan's information and customer data from security breaches and cyber-attacks presents a real and growing risk to its business. Activists, rogue states and cyber criminals are among those targeting information technology (**IT**) systems around the world. Risks to technology and cyber-security evolve and change rapidly and require continued focus, monitoring and investment in preventative measures. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. A failure to adequately manage cyber-security risk and continually monitor, review and update current processes in response to new threats could have a number of adverse effects on Dar Al-Arkan, including disruption to its business, unauthorised disclosure of confidential information, significant financial and/or legal exposure and damage to its reputation, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The IT systems that Dar Al-Arkan relies on to efficiently run its business could fail

Dar Al-Arkan relies on IT systems to help efficiently run its business. IT systems utilised by Dar Al-Arkan include applications of financial management (financial reports, accounting and treasury), supplies and management (administrative directives, procurement and stock control/management), human resources, production planning and project and project-related stock control/management (work in progress and completed units). Dar Al-Arkan cannot be certain that its IT systems will be able to support the volumes of online traffic it may experience. Although the Group maintains business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems, these procedures and measures may not anticipate, prevent or mitigate a network failure or disruption and will not protect against an incident to the extent that there is no alternative system or backed-up data in place. Any significant failure of Dar Al-Arkan's IT systems more generally could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

B. FINANCIAL RISKS

The risks described under this heading B. ("Financial risks") have been categorised as financial risks. While all risks have a financial liability, financial risks are those which relate to financial controls and performance. Financial risks could adversely affect Dar Al-Arkan's business, results of operations and financial condition. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

Further context on Dar Al-Arkan's financial risks is set out below:

Dar Al-Arkan's business requires substantial capital investment and there can be no assurance that necessary financing will be available

Dar Al-Arkan will require additional financing to fund capital expenditures and to support the future growth of its business. In particular, the relative lack of "off-plan" and "pre-finished" home sales in the Kingdom requires Dar Al-Arkan to rely to a certain extent on external financings through domestic and international banks and the capital markets to finance the development of its residential and commercial projects. Dar Al-Arkan's ability to obtain external financing and the cost of such financing are dependent on numerous factors, including general economic and capital markets conditions, credit ratings, financing costs, credit availability from banks or other lenders, the success of Dar Al-Arkan's business and tax and securities laws that may be applicable to capital raising activities. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to Dar Al-Arkan, including as a result of volatility in the credit or debt or equity capital markets, increases in interest and profit rates (see "*—Dar Al-Arkan is exposed to interest and profit rate volatility and inflation*") or a decline in the value of Dar Al-Arkan's properties or other assets, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's increasing focus on master-planned communities significantly increases its financial exposure and demands on its operational execution

If Dar Al-Arkan's master-planned communities do not generate expected levels of revenues, Dar Al-Arkan may have difficulty satisfying its obligations under its financing arrangements and funding capital expenditures for current or planned development projects. In addition, due to the complexity and scale of these large projects, Dar Al-Arkan may encounter difficulties managing their development in line with its quality standards and within expected timeframes and budgets. Furthermore, it may take longer than expected to sell or lease all of the units on such large projects. The occurrence of any of the above factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan is exposed to interest and profit rate volatility and inflation

Interest and profit rates are highly sensitive to factors beyond Dar Al-Arkan's control, including the interest and profit rate and other monetary policies of governments and central banks in the jurisdictions in which it operates, where its customers and potential customers are located and in whose currencies it borrows or obtains financing. From historically low levels in 2021, SAMA began to raise its interest and profit rates in line with the rate increases made by the US Federal Reserve. In tandem, SAMA has also raised repo rates ten times since 2022, from 1 per cent. in March 2022 to 5.75 per cent. as at 31 May 2023. Three-month SAIBOR also passed the 4 per cent. mark in 2023 to reach its highest level in 14 years. With higher interest and profit rates, Dar Al-Arkan will be obliged to pay a higher rate of interest or profit, as applicable, on its debt which is not subject to a fixed rate of interest or profit or which is not sufficiently hedged. Paying a higher rate of interest or profit on such debt would result in an increase in Dar Al-Arkan's cost of operations and may have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Interest and profit rates may also impact the attractiveness of real estate as an investment opportunity. Recently and, in particular following the commencement of military action between Russia and Ukraine, interest and profit rates set by central banks have been rising to counter the risk of globally rising inflation. Generally, when interest and profit rates increase, an investment in, or the demand for, real estate becomes less attractive. This is due to a number of factors, including the attractiveness of real estate as an alternative to traditional financial investment products, and because potential purchasers of units in the projects which Dar Al-Arkan develops could be deterred due to the resulting increase in the cost of mortgage funding. Any of these factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Inflation can also adversely affect Dar Al-Arkan's business, for example by increasing the cost for materials and labour, which it may not be able to subsequently pass on to its customers. In addition, inflation is, as described above, often accompanied by higher interest and profit rates, which could have a negative impact on demand for its properties amongst potential investors and customers, and Dar Al-Arkan's cost of funding its operations. Any further increase in inflation in the future in the markets in which Dar Al-Arkan operates could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's revenue diversification strategy may not be successful

Historically, Dar Al-Arkan's business focused on buying and selling undeveloped land and planning and developing basic infrastructure for residential and commercial use, such as water, sewage, electricity and other utilities, as well as paved streets and sidewalks. In order to diversify Dar Al-Arkan's revenue streams, this initial focus has evolved during Dar Al-Arkan's history and now also involves the planning and developing of master communities, retaining residential and commercial properties for income generation purposes, as well as investing in companies that management believes are complementary to Dar Al-Arkan's real estate development operations. Dar Al-Arkan's current business model also involves a focus on international real estate development.

However, there can be no assurance that Dar Al-Arkan's revenue diversification strategy will be successful. For example, Dar Al-Arkan's international real estate development operations may not be successful due to the

presence of other well-established real estate developers in the markets in which it operates outside the Kingdom (see "*—Competition in the real estate industry may increase*"). Dar Al-Arkan's strategic investments are also subject to a number of risks. For example, there is no certainty that dividends from such investments will be paid or as to the amount of any dividends that are paid and, in the event that Dar Al-Arkan wished to reduce or divest its shareholding in such companies completely, monetising these investments could be a lengthy process and there is no certainty as to the price which would be obtainable.

Similarly, with respect to its property management business segment, there is no assurance that Dar Al-Arkan will be able to find suitable tenants on the terms and conditions it seeks, or at all. The financial stability of tenants may also change over time due to factors directly related to the tenants or the overall economy of the Kingdom, which could affect their ability to make lease payments. In addition, Dar Al-Arkan may also incur costs relating to retaining existing tenants and attracting new tenants, such as those relating to the renovation of properties to suit the needs of tenants. Any failure to find suitable tenants on the terms and conditions it seeks and to effectively manage rental properties could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's off-plan sales may expose it to reputational risks and liabilities

Following the issuance of new regulations in January 2016 by the Ministry of Commerce permitting the sale of off-plan units in the Kingdom, Dar Al-Arkan launched the first phase of off-plan sales of units in the Shams Ar Riyadh development in May 2018, following which multiple subsequent phases were launched in 2020. Management intends to increase the proportion of off-plan sales completed by Dar Al-Arkan in the future to enable the business to utilise less internal cash as well as less project finance debt to finance projects. However, the completion of a given project is dependent on a number of factors, including macroeconomic conditions, timely delivery on the part of contractors and sub-contractors and the absence of any force majeure. If a project with pre-sale commitments from customers is delayed or cancelled, customers may bring civil claims against Dar Al-Arkan. In addition, if substantial parts of master-planned communities which contain amenities and conveniences such as retail areas, supermarkets, clinics and medical centres, schools and parks are delayed, cancelled or changed, customers who have acquired residential units in affected developments may not be able to enjoy the services or the overall environment which they may have expected when the project was originally launched. Delays in completion or cancellation of all or a portion of a project could also adversely affect Dar Al-Arkan's reputation and ability to attract future customers. Any of the foregoing factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan is subject to financial and restrictive covenants under its outstanding financing arrangements and any failure to comply with these covenants could result in the acceleration of payments and the loss of certain real estate assets

Dar Al-Arkan is subject to financial and restrictive covenants in certain of its outstanding financing arrangements. Furthermore, a portion of Dar Al-Arkan's financing arrangements contain cross-default and cross-acceleration provisions. Failure to comply with the covenants and other restrictions under any of the outstanding financing arrangements could result in events of default which could cause an acceleration of Dar Al-Arkan's payment obligations under the outstanding financing arrangements. If Dar Al-Arkan's payment obligations under the financing arrangements were to be accelerated, there can be no assurance that Dar Al-Arkan's assets and cash flow would be sufficient to pay in full all such payment obligations, or that Dar Al-Arkan would be able to obtain alternative financings, or if it were to obtain alternative financings, that they would be on terms that are favourable or acceptable to Dar Al-Arkan, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

For a more detailed discussion of Dar Al-Arkan's outstanding financing arrangements, see the section below entitled "*Financial Review–Borrowings*".

Dar Al-Arkan will be subject to a number of restrictive covenants under the Transaction Documents to which it is a party which may restrict its business and financing activities, and a failure to comply with these covenants

could result in the acceleration of its payment obligations under such Transaction Documents and its previously issued Certificates and other outstanding financing arrangements

The Master Trust Deed includes a number of significant restrictive covenants. These covenants restrict, among other things, the ability of Dar Al-Arkan and its subsidiaries to incur additional indebtedness, pay dividends or make other distributions to shareholders, make certain investments, enter into arrangements that restrict dividends or other payments from subsidiaries, sell assets, including capital stock of subsidiaries, enter into transactions with affiliates, engage in different business activities, create liens on assets to secure debt, enter into sale and leaseback transactions and merge or consolidate with another company.

These restrictions may negatively affect Dar Al-Arkan's ability to react to changes in market conditions, take advantage of business opportunities that it believes to be desirable, obtain future financing, fund necessary capital expenditures or withstand a future downturn in its business. Furthermore, if Dar Al-Arkan and its subsidiaries are unable to comply with the covenants in the Master Trust Deed, it could result in a Dissolution Event under the Certificates of all Series outstanding at the relevant time which could cause an acceleration of Dar Al-Arkan's payment obligations under those Certificates and other outstanding financing arrangements. If Dar Al-Arkan's payment obligations under the Master Trust Deed or other financing arrangements were to be accelerated, there can be no assurance that Dar Al-Arkan's assets and cash flow would be sufficient to pay in full all such payment obligations, or that Dar Al-Arkan would be able to obtain alternative financing to fund such payment, or if it were to obtain alternative financing, that such financing would be on terms that are favourable or acceptable to Dar Al-Arkan, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates. For a more detailed discussion of the restrictions to which Dar Al-Arkan and its subsidiaries are subject under the Master Trust Deed, see "*Summary of the Principal Transaction Documents—Master Trust Deed*".

Dar Al-Arkan may incur tax liabilities in respect of its undeveloped land

On 24 November 2015, a tax (known as the **White Land Tax**) on vacant land in various municipalities across the Kingdom was approved pursuant to a Royal Decree. This tax, along with a tax on high-end properties, is intended to discourage investment in land solely for capital appreciation and speculative purposes. The law was introduced with the intention of encouraging expenditure on low-income and middle-income housing and increasing 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 Municipal and Rural Affairs and Housing (the **MoMRAH**). The MoMRAH is responsible for valuing the land and collecting the tax, in addition to imposing fines for non-compliance. 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.

As of 31 December 2022, Dar Al-Arkan's development properties consisted of SAR 20.71 billion (U.S.$5.52 billion) including project lands and properties of SAR 15.28 billion (U.S.$4.07 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.

Whilst Dar Al-Arkan is not currently aware of any outstanding notices or demands from the relevant authorities for payment of any land taxes, there can be no assurance that Dar Al-Arkan will not be liable for significant future tax liabilities, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

C. LEGAL AND REGULATORY RISKS

The risks described under this heading C. ("Legal and regulatory risks") have been categorised as legal and regulatory risks. Legal and regulatory risk is the risk of loss or reputational damage resulting from an inability to maintain compliance with the prevailing legal and regulatory environment established in the jurisdictions in which Dar Al-Arkan operates. Legal and regulatory risks could adversely affect Dar Al-Arkan's business, results

of operations and financial condition. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

Further context on Dar Al-Arkan's legal and regulatory risks is set out below:

Failure to obtain and comply with regulatory approvals could result in interruption or termination of Dar Al-Arkan's development projects

Dar Al-Arkan is required to obtain zoning, building, occupancy and certain other regulatory approvals for its development projects. There can be no assurance that all regulatory approvals in connection with existing or proposed development projects will be obtained in a timely manner, or at all. Furthermore, the terms of regulatory approvals could impose unanticipated conditions and costs on development projects. In addition, violation of the terms of any such regulatory approvals may lead to their cancellation, withdrawal, suspension or the imposition of financial and/or non-financial penalties by relevant authorities. Any of the above factors may result in the interruption or termination of Dar Al-Arkan's development projects, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan is subject to a range of environmental and health and safety laws and regulations

Dar Al-Arkan has adopted safety standards to comply with applicable laws and regulations in the countries in which it does business. In addition, safety requirements are contractually agreed to by Dar Al-Arkan's contractors. If Dar Al-Arkan and/or one or more of its contractors or subcontractors failed to comply with the relevant standards, any of them may be liable to penalties and the business and/or reputation of Dar Al-Arkan might be materially and adversely affected, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan seeks to ensure that it complies with all applicable environmental laws. While Dar Al-Arkan believes that it is in compliance with applicable environmental laws, there can be no assurance that Dar Al-Arkan will not be subject to environmental liability. If an environmental liability arises in relation to any project owned or operated by Dar Al-Arkan and it is not remedied or not capable of being remedied, or is required to be remedied at the cost of Dar Al-Arkan, this could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates. Moreover, it may result in a reduction of the value of the relevant project or property or affect the ability of Dar Al-Arkan to dispose of such project or property.

In addition, any amendments to the existing laws and regulations relating to health and safety and environmental standards may impose more burdensome and costlier requirements and Dar Al-Arkan's compliance with such laws or regulations may require it to incur significant capital expenditure or other obligations or liabilities, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Legislative and regulatory changes in the Kingdom may adversely affect Dar Al-Arkan's operations

Dar Al-Arkan's activities are subject to the laws of the Kingdom, including the Ministry of Commerce's and the Ministry of Investment's regulations and the laws of other countries where it has operations. Laws and regulations that are applied to Dar Al-Arkan may change from time to time. Changes in such laws and regulations could impose restrictions on the development, sale or lease of Dar Al-Arkan's properties, as well as result in unanticipated costs. The occurrence of any of the above could have a material adverse effect on Dar Al-Arkan's business, prospects, financial conditions, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

In addition, a number of the laws in the Kingdom relating to real property and real property rights have recently been adopted or are in the process of being adopted and the manner in which those laws and related regulations are applied to Dar Al-Arkan is still evolving. For example, in October 2020, the Government decreed that real

estate transactions in the Kingdom were to be exempted from value added tax as of 4 October 2020 and, instead, be subject to a real estate transaction tax at a rate of 5 per cent. (see "*Overview of the Real Estate Sector in the Kingdom—Value Added Tax and Real Estate Transaction Tax*").

In recent years, the Government has implemented a number of initiatives aimed at boosting the real estate sector (see "*Overview of the Real Estate Sector in the Kingdom*"). Most recently, the Government announced in April 2022 certain proposed amendments to the Foreign Ownership and Investment in Real Estate Regulations issued under Royal Decree No. M/15 dated 17/4/1421H (corresponding to 19 July 2000) (the **Real Estate Ownership and Investment Law**). These proposed amendments are designed to increase investment and ownership in the real estate sector in the Kingdom amongst non-Saudi nationals and non-Saudi owned businesses. Following the completion of a public consultation process in May 2022 and public announcements made by the Kingdom's Real Estate General Authority chief executive officer in March 2023 with respect to the proposed amendments, it is anticipated that such amendments will be implemented before the end of 2023. This new initiative is expected to have a positive impact on Dar Al-Arkan's business. However, no assurance can be given that the implementation of this or similar initiatives implemented by the Government will benefit Dar Al-Arkan, and no assurance can be given that current or new laws and regulations will be adopted, enforced or interpreted in a manner that will not have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates (see also "*Macroeconomic and geopolitical risks—The Government's efforts to diversify the Kingdom's economy and effect structural changes may have undesirable effects*").

In addition, no assurance can be given that the Kingdom will not implement new regulations or fiscal or monetary policies, including those relating to or affecting taxation, interest and profit rates or exchange controls, or otherwise take actions which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan may not be able to cooperate with the municipal government of Jeddah in a manner that ensures the efficient development and financial success of the Qasr Khozam land development project

Dar Al-Arkan's Qasr Khozam land development project is being developed pursuant to an agreement between Dar Al-Arkan and the Jeddah Development and Urban Regeneration Company, an instrumentality of the municipal government of Jeddah. There can be no assurance that Dar Al-Arkan and the municipal government of Jeddah will be able to cooperate in a manner that ensures the efficient operation and financial success of the Qasr Khozam land development project. The municipal government of Jeddah may have economic interests or business goals that are inconsistent with Dar Al-Arkan's, be unable or unwilling to fulfil its obligations under the agreement with Dar Al-Arkan, or experience financial or other difficulties. The occurrence of any of the above could jeopardise the success of the Qasr Khozam land development project, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan is subject to risks relating to legal and regulatory proceedings

In the ordinary course of its business, Dar Al-Arkan is subject to risks relating to legal and regulatory proceedings. Litigation and regulatory proceedings are unpredictable and legal or regulatory proceedings in which Dar Al-Arkan is or becomes involved (or settlements thereof) could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

D. MACROECONOMIC AND GEOPOLITICAL RISKS

The risks described under this heading D. ("Macroeconomic and geopolitical risks") have been categorised as macroeconomic and geopolitical risks. Macroeconomic and geopolitical risk is the risk of loss which arises as a result of changes in the prevailing macroeconomic environment and the performance of financial markets generally or as a result of a deterioration in geopolitical conditions in the jurisdictions in which Dar Al-Arkan operates. Macroeconomic and geopolitical risks could adversely affect Dar Al-Arkan's business, results of

operations and financial condition. This introductory paragraph in italicised text forms part of the risk factors in this section but is not a risk factor itself.

Further context on Dar Al-Arkan's macroeconomic and geopolitical risks is set out below:

Risks relating to a resurgence of the COVID-19 pandemic

The COVID-19 pandemic has had a significant adverse impact on global growth rates and investor sentiment, resulting in volatility in the global capital markets, reducing international trade and impacting commodity prices. The restrictions imposed on travel and public transport, requirements for people to remain at home and practice social distancing, and prolonged closures of workplaces impacted trade and transportation of goods and severely disrupted the global economy, particularly in 2020. This impact of the COVID-19 pandemic has, at times since it was first detected, caused volatility in equity and bond markets, resulted in high levels of unemployment and, in 2020, materially negatively impacted global demand for oil and oil prices. It also had a material negative impact on global economic growth rates, and adversely impacted the Kingdom's GDP, in 2020. For example, in its April 2023 World Economic Outlook, the IMF stated that global real GDP declined by 2.8 per cent. in 2020 and that real GDP in the Kingdom declined by 4.3 per cent. in 2020.

During the year ended 31 December 2020, Dar Al-Arkan's operations in the Kingdom suffered extensively due to restrictions imposed by the Government to combat the spread of COVID-19. These restrictions required Dar Al-Arkan to temporarily close its administrative offices and commercial units, including full and partial closures of Al-Qasr Mall. In order to support its commercial tenants, Dar Al-Arkan announced rent discounts for those tenants that were forced to temporarily close during these lock-down periods. The total value of such rental discounts extended to Dar Al-Arkan's commercial tenants amounted to SAR 16.72 million (U.S.$4.46 million) in the year ended 31 December 2020.

Any measures imposed in the future to combat the effects of a resurgence of COVID-19 or a related pandemic disease in the markets in which Dar Al-Arkan operates could result in a worsening of the effects of the pandemic on Dar Al-Arkan's business, cash flows, results of operations and prospects described above. Accordingly, the exposure of Dar Al-Arkan to these factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The ongoing military action between Russia and Ukraine could adversely affect Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects

On 24 February 2022, Russian military forces invaded Ukraine and, as of the date of this Base Prospectus, the conflict is still ongoing. Although the length, impact and outcome of the conflict in Ukraine is highly unpredictable, this conflict has resulted in, and could lead to further, significant market and other disruptions, including significant volatility in commodity prices due to the impact on the supply of energy resources and other commodities, instability in financial markets, supply chain interruptions, political and social instability, changes in consumer or purchaser preferences as well as an increase in cyberattacks and espionage.

Russia's military action against Ukraine and recognition of separatist republics in the Zaporizhzhia, Kherson, Donetsk and Luhansk regions of Ukraine have led to an unprecedented expansion of sanctions programmes imposed by the United States, the European Union, the UK, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea, Zaporizhzhia and Kherson regions of Ukraine, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic. Such sanctions programmes have included imposing blocking sanctions against some of the largest state-owned and private Russian financial institutions (and their subsequent removal from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") payment system) and certain Russian businesses, some of which have significant financial and trade ties to the European Union, and against Russian and Belarusian individuals, including the Russian President, other politicians and those with government connections or involved in Russian military activities, in addition to imposing restrictions on Russia's foreign currency reserves, as well as limitations on investments and access to capital markets and bans on various Russian imports.

In retaliation against new international sanctions and as part of measures to stabilise and support the volatile Russian financial and currency markets, the Russian authorities also imposed significant currency control measures aimed at restricting the outflow of foreign currency and capital from Russia, imposed various restrictions on transacting with non-Russian parties, banned exports of various products and other economic and financial

restrictions. The situation is rapidly evolving as a result of the conflict in Ukraine, and the United States, the European Union, the UK and other countries may implement additional sanctions, export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories.

Although, to date, Dar Al-Arkan has not experienced any material interruptions in its infrastructure, supplies, technology systems or networks needed to support its operations, the sanctions programmes and other measures imposed on Russia and the other parties described above, as well as the existing and potential further responses from Russia or any of those other parties to such sanctions, as well as any increase in political tensions and military actions, could adversely affect the global economy and financial markets and could, as a result, adversely affect the demand for Dar Al-Arkan's properties or the value of its investments which could, in turn, have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The success of Dar Al-Arkan's business is dependent on a number of factors affecting the real estate market that are beyond its control

Dar Al-Arkan conducts the majority of its activities in the Kingdom and its future performance is therefore dependent on a number of economic and other factors relating to the Kingdom that are beyond its control. Dar Al-Arkan's revenue and net income are principally based on demand for real estate in the Kingdom. Such demand is affected by economic conditions in the Kingdom and global economic conditions that affect the economy of the Kingdom. Adverse economic developments in the Kingdom could cause a loss of investor confidence, a decrease in consumer purchasing power and unanticipated changes in the Kingdom's demographic mix, any or all of which may negatively impact the real estate market in the Kingdom and reduce demand for Dar Al-Arkan's properties.

In addition, property values and rental rates are affected by factors such as political developments, regulations of the Government, planning laws, tax laws, interest and profit rate levels, inflation (see also "*—Dar Al-Arkan is exposed to interest and profit rate volatility and inflation*"), wage rates, levels of unemployment and the availability of credit. The demand for real estate particularly in the Kingdom has historically been supported by a number of factors, including Government initiatives aimed at growing the middle class and promoting an affordable home financing industry. Any negative change in such trends could negatively affect demand for real estate in the Kingdom and the prices at which Dar Al-Arkan can sell its land development projects and sell and/or let residential units. Many countries in the GCC region have experienced significant volatility in their real estate markets in recent years. Dar Al-Arkan cannot assure investors that similar volatility will not be experienced in the Kingdom in the future. Any of these factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Real estate investments are illiquid

Because real estate investments are generally illiquid, and due to the cyclicality of real estate markets, Dar Al-Arkan's ability to promptly sell one or more of its projects in response to changing political, economic, financial and investment conditions is limited. The real estate market is affected by many factors that are beyond Dar Al-Arkan's control. In addition, to the extent that Dar Al-Arkan requires third party funding to develop its projects, it may be required to grant a mortgage over certain projects, or parts thereof, to secure its payment obligations, which could preclude Dar Al-Arkan from selling such projects or affected residential units in the event of a default under such financing arrangements. There can be no assurance that the sale of units in any of Dar Al-Arkan's projects will be at a price which reflects the most recent valuation of the relevant project, particularly if Dar Al-Arkan is forced to sell in adverse economic conditions. Any of these factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The Kingdom's economy is highly dependent upon revenues from oil

The hydrocarbon industry is the single largest contributor to the Kingdom's economy and oil revenues account for a majority of the Government's total revenues and export earnings. According to GASTAT, the oil sector accounted for 39.6 per cent. and 37.3 per cent. of the Kingdom's real GDP in the years ended 31 December 2022

and 2021, respectively, while oil revenues accounted for an estimated 68.2 per cent. and 58.2 per cent. of total Government revenues in the fiscal years 2022 and 2021, respectively. Oil exports accounted for 78.0 per cent., 73.2 per cent., 68.7 per cent. and 76.6 per cent. of the Kingdom's total exports by value in 2022, 2021, 2020 and 2019, respectively.

Historically, the price of oil has been volatile and over the past two decades international oil prices have fluctuated significantly. For example, the OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by OPEC) declined 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.$62.92 in June 2019. In 2020, the yearly average OPEC Reference Basket price was U.S.$41.47, reflecting a sharp fall in April 2020 (driven by OPEC actions and significantly reduced demand as a result of COVID-19 and a slow recovery throughout the remainder of the year). Oil prices generally rose over the course of 2021 and 2022, with the average OPEC Reference Basket price increasing from U.S.$54.38 per barrel in January 2021 to U.S.$79.68 per barrel in December 2022, reaching a peak of U.S.$117.72 in June 2022 attributable to a number of factors, including, but not limited to, production cuts by OPEC and partners to counter falling oil prices as a result of the COVID-19 pandemic, the rebound in global oil demand as economies continued to recover from the impact of the COVID-19 pandemic and, most notably, the commencement of military action between Russian and Ukraine in February 2022. Oil prices have remained fairly stable since the start of 2023, with the OPEC Reference Basket stabilising between U.S.$71-88 in the first six months of 2023. 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 generally moved in line with these trends.

Oil prices are likely to remain volatile in future years. In general, international prices for crude oil are affected by the economic and political developments in oil-producing regions, particularly the Middle East and Russia; changes in announced production levels; macro-economic or other factors impacting demand; the availability of new technologies and alternative energy sources; and the global climate and other relevant conditions. Further volatility in oil prices may have an adverse effect on the Kingdom's GDP growth, Government revenues, balance of payments and foreign trade and future volatility in the price of oil and/or the quantity of oil produced by the Kingdom could adversely affect the Kingdom's economy as a whole.

Any factors which adversely affect the Kingdom's economy could, in turn, have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

Dar Al-Arkan's business operations are subject to general risks related to the Kingdom and the Middle East

Dar Al-Arkan conducts the majority of its activities in the Kingdom and its operating results are therefore affected by general economic, social and political developments in the Kingdom. The economy of the Kingdom, like those of many emerging markets, has been characterised by significant Government involvement through direct ownership of enterprises and extensive regulation of market conditions, including limitations on foreign investment, foreign trade and financial services. In addition, the Kingdom has historically had a relatively high unemployment rate among Saudi nationals. Based on estimates of GASTAT's Labor Force Survey 2022, as of 31 December 2022, the unemployment rate among Saudi nationals was 8 per cent., comprising an unemployment rate of 4.2 per cent. among Saudi males and 15.4 per cent. among Saudi females. Despite recent Government initiatives directed at deregulation, growth of the private sector of the economy, expansion of financial services and increased employment among Saudi nationals, the Government continues to exercise significant influence over many aspects of the Kingdom's economy, the private sector of the economy remains relatively undeveloped and unemployment among Saudi nationals remains relatively high.

Similar to other countries in the Middle East, the Kingdom could be affected by political and social unrest in the region. Several countries in the region are currently subject to armed conflicts and/or social and political unrest, including conflicts or disturbances in Afghanistan, Yemen, Syria, Libya, Iraq and Sudan. In some instances, the recent and ongoing conflicts are a continuation of the significant political and military upheaval experienced by certain regional countries from 2011 onwards, commonly referred to as the 'Arab Spring', which gave rise to several instances of regime change and increased political uncertainty across the region. Furthermore, in March 2015, a coalition of countries, led by the Kingdom and supported by the international community, commenced military action against the Al-Houthi rebels in Yemen. Although the coalition scaled back its military operations in Yemen in March 2016 and a ceasefire was declared in April 2016, the conflict in Yemen is not yet fully resolved, and military operations continue at a reduced scale. The Kingdom has been targeted on several occasions by ballistic missiles fired by the Al-Houthi rebels in Yemen since 2017, most of which were successfully

intercepted by the Kingdom's defence systems. The more recent attacks in 2021 by the Al-Houthi rebels targeted civilians, including at the airport in Abha and in residential areas of Dammam, and there can be no assurance that the conflict in Yemen will not continue or escalate further. Additionally, on 14 September 2019, the Abqaiq processing facility and the Khurais oil field in the Kingdom were damaged in a major act of sabotage, which resulted in the partial and temporary interruption of some of the Kingdom's oil and gas production. The Al-Houthi rebels claimed responsibility for this incident, although this claim has not been verified and has been disputed. On 23 November 2020, an explosion took place as a result of a terrorist attack by a projectile, causing a fire in a fuel tank at a Saudi Aramco petroleum products distribution terminal in the north of Jeddah and, in March 2022, oil facilities in Jeddah and Jizan were the subject of airborne attacks that were claimed by the Al-Houthi militia. While there were no casualties nor any interruption to Saudi Aramco's fuel supplies as a result of the attack, there can be no assurance as to the impact such acts of terrorism and sabotage may have on the geopolitical situation in the region, including any potential escalation of tensions.

In addition, the Kingdom has experienced terrorist attacks and other disturbances in recent years, including incidents in Jeddah, Medina and Qatif in July 2016 and the acts of sabotage discussed above. There can be no assurance that extremists or terrorist groups will not attempt to target the Kingdom or commit or attempt to commit violent acts in the future. Any occurrences or escalation of terrorist incidents or other disturbances in the Kingdom could have an adverse impact on the economy in the Kingdom.

Tensions have persisted between the Kingdom and Iran, as exemplified in January 2016 by the Kingdom recalling its ambassador to Iran. In addition, on 8 May 2018, the United States announced its withdrawal from the Joint Comprehensive Plan of Action between the United Nations (the **UN**) Security Council's five permanent members plus Germany and Iran that was reached in July 2015, reinstating the United States' nuclear sanctions on the Iranian regime. The United States also announced that it would not renew exceptional waivers for importing Iranian oil for several oil-importing countries, effective from May 2019, and on 3 January 2020, the United States carried out a military strike which killed a senior Iranian military commander. As a result of this military strike, Iran launched missile attacks on United States' forces based in Iraq. Any continuation or escalation of international or regional tensions regarding Iran, including further attacks on, or seizures of, oil tankers which disrupt international trade, including any impairment of trade flow through the Strait of Hormuz, or any military conflict, could have a destabilising impact on the Gulf region, including with respect to the Kingdom and its ability to export oil.

These geopolitical events may contribute to instability in the Middle East and surrounding regions (that may or may not directly involve the Kingdom) and may have a material adverse effect on the Kingdom's attractiveness for foreign investment and capital, its ability to engage in international trade and, subsequently, its economy and financial condition, which, in turn, could have a material adverse effect on Dar Al-Arkan's business.

Investors should also be aware that investing in emerging markets such as the Kingdom entails greater risks than investing in more developed markets, including risks such as political, social and economic issues, acts of warfare and violence, governmental actions or interventions, including embargoes, tariffs, protectionism, subsidies, expropriation of assets and cancellation of contractual rights, changes in, or in the interpretation, application or enforcement of, law and regulation, difficulties and delays in obtaining new permits and consents for Dar Al-Arkan's operations or renewing existing ones and potential lack of reliability as to title to real property.

The foregoing factors could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

The Government's efforts to diversify the Kingdom's economy and effect structural changes may have undesirable effects

In recent years, the Government has sought to implement far-reaching reforms of the Kingdom's economy and society. Some of the measures envisaged include the greater participation of Saudi citizens in the private sector, a decrease in certain subsidies historically available to the fuel and energy sectors, as well as the imposition of new taxes and administrative fees, for example the introduction of value added tax in January 2018 at a rate of 5 per cent., which was subsequently increased to 15 per cent. as of July 2020. The implementation of these and other similar measures may be a lengthy and complex process, and there can be no assurance that these measures will not have unexpected or undesirable consequences in the Kingdom. The implementation of these and other similar measures, in whole or in part, may have an adverse effect on the macroeconomic environment in the Kingdom, which could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows,

results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

There can be no assurance that the Government's efforts to diversify the Kingdom's economy will be successful

While the oil sector contributes to a significant portion of the Kingdom's economy, in recent years the Government has invested heavily in diversifying the Kingdom's economy to reduce its reliance on oil revenues. In light of the ongoing volatility affecting global oil prices and, in turn, Government revenues, in addition to the impact of the COVID-19 pandemic on the Kingdom's finances, the objective of economic diversification in the Kingdom has taken on greater significance for the Government, and the Government has in recent years announced various measures aimed at, among other things, achieving increased diversification of the Kingdom's economy, including the NTP.

While the contribution of the non-oil sector to the Kingdom's economy is gradually increasing on the basis of recent trends, oil exports and oil-related revenues still constitute a high proportion of the Kingdom's total export earnings and Government revenues, respectively. There can be no assurance that the contribution of the non-oil sector to the Kingdom's economy will continue to increase in the future or that it will continue to a sufficient extent to achieve effective and adequate diversification of the economy. In addition, the increase in the contribution of the non-oil sector to Government revenues and total exports in recent years can also be partially attributed to the decline in global oil prices between mid-2014 until mid-2021 and the consequent significant decrease in Government revenues and export earnings attributable to the oil sector. This trend can also be attributed to structural reforms enacted under the Government's fiscal consolidation measures including adjustments of visa and municipality fees, the implementation of expat levies and the application of excise taxes on certain potentially harmful products including tobacco, tobacco derivatives, soft drinks, energy drinks, sweetened beverages, electronic smoking appliances and liquids used in those devices. Such measures may be subject to change in the future and there can be no assurance that such measures will have the intended effects on Government revenues or the Kingdom's economy more generally or that such measures will continue to result in increases to non-oil revenues.

Furthermore, there can be no assurance that the Government will be able to successfully implement the Kingdom's long-term diversification plan (**Vision 2030**) or the NTP in their current form, or that their implementation will be in line with the timelines originally set out. Any amendment to the scope or timing of the implementation of the objectives of Vision 2030 or the NTP, and any failure to do so, in whole or in part, may result in the Government being unable to achieve the diversification of the economy and its sources of revenue to the required extent (see "*Overview of the Kingdom*"). Additionally, to the extent that a prolonged decline in oil prices has an adverse impact on Government revenues, this may in turn adversely impact the Government's ability to invest in the diversification of the Kingdom's economy. A failure to diversify the Kingdom's economy may result in its economy remaining susceptible to the risks associated with the oil sector, and any downturn in the oil sector could result in a slowdown of the entire economy, which, in turn, could have a material adverse effect on Dar Al-Arkan's business, financial condition, cash flows, results of operations and prospects and may affect Dar Al-Arkan's ability to make the relevant payments under the Transaction Documents to which it is a party which are necessary in order for the Trustee to pay the amounts due under the Certificates.

RISK FACTORS RELATING TO THE LEASE ASSETS

Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed

Dar Al-Arkan has undertaken in the Purchase Undertaking and the Master Trust Deed that:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, Dar Al-Arkan Real Estate Development Company remains in actual or constructive possession, custody or control of all or any part of the Lease Assets, the Certificateholder Put Right Lease Assets, the Change of Control Put Right Lease Assets or the Tangibility Event Put Right Lease Assets (each as defined in the Purchase Undertaking), as the case may be; and

(b) if, following delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price (each as defined in the Purchase Undertaking), as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

Dar Al-Arkan shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificateholder Put Right Certificates, the Change of Control Put Right Certificates or the Tangibility Event Put Right Certificates (each as defined in the Purchase Undertaking), as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price, the Change of Control Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be.

Subject to the satisfaction of the conditions in (a) and (b) as described above, if Dar Al-Arkan fails to pay the Exercise Price, the Certificateholder Put Right Exercise Price, the Change of Control Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be, in accordance with the Purchase Undertaking, the Delegate (on behalf of the Certificateholders) may, subject to the matters set out in Condition 15 and the terms of the Master Trust Deed, seek to enforce, *inter alia*, the provisions of the Purchase Undertaking and the Master Trust Deed against Dar Al-Arkan by commencing legal proceedings.

However, investors should note that, in the event that Dar Al-Arkan Real Estate Development Company does not remain in actual or constructive possession, custody or control of, all or any part of the relevant Lease Assets, Certificateholder Put Right Lease Assets, Change of Control Put Right Lease Assets or Tangibility Event Put Right Lease Assets, as the case may be, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, the condition in (a) as described above will not be satisfied and, therefore, no amounts will be payable by Dar Al-Arkan under the separate indemnity provisions. For the avoidance of doubt, no investigation has been or will be made by the Trustee, the Dealers, the Delegate or the Agents as to whether Dar Al-Arkan Real Estate Development Company has or will remain in actual or constructive possession, custody or control of any Lease Assets.

Accordingly, in such event, the Delegate (on behalf of the Certificateholders) may be required to establish that there has been a breach of contract by Dar Al-Arkan in order to prove for damages. Such breach of contract may be due to: (i) a breach by Dar Al-Arkan of the requirement to purchase the Trustee's rights, title, interest, benefits and entitlements in, to and under the relevant Lease Assets, Certificateholder Put Right Lease Assets, Change of Control Put Right Lease Assets or Tangibility Event Put Right Lease Assets, as the case may be, on the relevant Dissolution Date pursuant to the provisions of the Purchase Undertaking; and/or (ii) a breach by Dar Al-Arkan (acting in its capacity as lessee pursuant to the provisions of the Master Lease Agreement) of its undertaking to maintain actual or constructive possession, custody or control of all of the Lease Assets.

As a result, the Delegate (on behalf of the Certificateholders) may not be able to recover, or may face significant challenges in recovering, an amount equal to the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, and in turn, the amount payable to the Certificateholders upon redemption.

Ownership and transfer of the Lease Assets

In order to comply with the requirements of *Shari'a*, an ownership interest in the Assets should pass to the Trustee under the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement (together, the **Purchase Agreement**) and the Trustee will lease the Lease Assets to Dar Al-Arkan under the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement. The Trustee will declare a trust in respect of the Lease Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed. Accordingly, from a *Shari'a* perspective, Certificateholders should, through the ownership interest obtained by the Trustee pursuant to the terms of the Purchase Agreement, have an undivided ownership interest in the relevant Lease Assets.

Limited investigation has been or will be made by the Trustee, Dar Al-Arkan or the Dealers as to whether any interest in any Lease Assets may be transferred as a matter of the law of the jurisdiction where such assets are located or any other relevant law and no investigation has been or will be made by the Trustee, the Dealers, the Delegate or any of the Agents as to whether Dar Al-Arkan is in actual or constructive possession, custody or control of all of the Lease Assets. In addition, limited investigation will be made by the Trustee, Dar Al-Arkan, the Dealers, the Delegate or any of the Agents to determine if any Purchase Agreement will have the effect of transferring an interest in the relevant Assets. The Lease Assets will be selected by Dar Al-Arkan, and the Certificateholders, the Trustee, the Dealers, the Delegate and the Agents will have no ability to influence or liability for such selection. Only limited representations will be obtained from Dar Al-Arkan and/or the relevant Restricted Subsidiary, as the case may be, in respect of the Lease Assets. No steps are intended to be taken to

perfect the legal transfer of the ownership interest (including registration, if necessary) in the Lease Assets with any relevant regulatory authority in the Kingdom.

Although the *Shari'a* analysis is such that an ownership interest in the Lease Assets should pass to the Trustee under the relevant Purchase Agreement, the Certificateholders will not have any direct recourse to the Lease Assets and their rights are limited to enforcement against the Obligor of its obligation to purchase all (or the applicable portion thereof, as the case may be) of the Lease Assets pursuant to the terms of the Master Trust Deed and the Purchase Undertaking. See further " *– Limitations relating to the indemnity provisions under the Purchase Undertaking and the Master Trust Deed*".

The occurrence of a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Certificates

Following the occurrence of a Tangibility Event, the Certificateholders will be promptly notified: (a) that a Tangibility Event has occurred; (b) that, as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (c) that, on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates are admitted to listing; and (d) the Tangibility Event Put Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Certificates. Upon receipt of such notice, the Certificateholders may elect, within the Tangibility Event Put Right Period, for all or any of their Certificates to be redeemed in accordance with the Conditions. Accordingly, a Tangibility Event may have a significant adverse effect on the liquidity and market value of the Certificates.

RISK FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME

The Certificates are limited recourse obligations

Certificates to be issued under the Programme are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the relevant Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, the sole rights of each of the Delegate and, through the Delegate, the Certificateholders of the relevant Series will be against Dar Al-Arkan to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have 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 the Conditions or any Transaction Document against any shareholder, member, officer, agent (including any corporate administrator) or director of the Trustee, the Delegate, the Agents or Dar Al-Arkan, as the case may be, by virtue of any customary law, statute or otherwise. The obligations of the Trustee, the Delegate and Dar Al-Arkan under the Conditions or any Transaction Document are corporate or limited liability obligations of the Trustee, the Delegate 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 and Dar Al-Arkan will be expressly waived and excluded by the holders of each Series to the extent permitted by law.

The net proceeds of the realisation of, or enforcement with respect to, the Trust Assets of any Series may not be sufficient to make all payments and/or deliveries due in respect of the relevant Certificates. If, following distribution of such proceeds in accordance with Condition 4.2, there remains a shortfall in payments and/or deliveries due under the Certificates of the relevant Series, no Certificateholder will have any claim against the Trustee, Dar Al-Arkan, 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 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. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents.

No assurance can be given that a secondary market for Certificates will develop or, if it does, that it will provide investors with liquidity of investment

There is no assurance that a secondary market for the Certificates of any Series will develop or, if it does develop, that it will provide the Certificateholders with liquidity of investment or that it will continue for the life of those Certificates. Accordingly, a Certificateholder may not be able to find a buyer to buy its Certificates readily or at prices that will enable the Certificateholder to realise a desired yield. The market value of Certificates may fluctuate and a lack of liquidity, in particular, can have a material adverse effect on the market value of the Certificates. Accordingly, the purchase of Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the relevant Certificates and the financial and other risks associated with an investment in the relevant Certificates. An investor in Certificates must be prepared to hold the relevant Certificates for an indefinite period of time or until their maturity. Application has been made for the listing of certain Series to be issued under the Programme on the London Stock Exchange but there can be no assurance that any such listing will occur or will enhance the liquidity of the Certificates of the relevant Series.

The Certificates may be subject to early redemption

In the event that the amount payable on the Certificates of any Series is required to be increased to include additional amounts in certain circumstances and/or Dar Al-Arkan is required to pay additional amounts pursuant to certain Transaction Documents, in each case as a result of certain changes affecting taxation in the Cayman Islands or the Kingdom, or in each case any political subdivision or any authority thereof or therein having power to tax, the Trustee may redeem all but not some only of the Certificates upon giving notice in accordance with the Terms and Conditions of the relevant Certificates.

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Trustee. Any such early redemption feature of any Certificate is likely to limit its market value. During any period when the Trustee may elect to redeem Certificates, the market value of those Certificates generally will not rise substantially above the dissolution amount payable. This also may be true prior to any redemption period. The Trustee may be expected to redeem Certificates when Dar Al-Arkan's cost of financing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider re-investment risk in light of other investments available at that time.

The regulation and reform of "benchmarks" may adversely affect the value of Certificates linked to or referencing such "benchmarks"

Interest rates (including profit rates) and indices which are deemed to be "benchmarks", (including the Euro interbank offered rate (**EURIBOR**) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing such a "benchmark".

Regulation (EU) 2016/1011 (the **EU Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation applies, amongst other things, to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority or registered on the Financial Conduct Authority register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Certificates linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks: (a) discouraging market participants from continuing to administer or contribute to a benchmark; (b) triggering changes in the rules or methodologies used in the benchmark; and/or (c) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Certificates linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an original Reference Rate and/or any page on which an original Reference Rate may be published (or any other successor service) becomes unavailable. Such fallback arrangements include the possibility that the Rate (or the relevant component part thereof) could be set by reference to a Successor Rate or an Alternative Reference Rate, with or without the application of an Adjustment Spread, and may include amendments to the Conditions, the Master Trust Deed and/or any other Transaction Document to ensure the proper operation of the successor or replacement benchmark, all as determined by an Independent Adviser, acting in good faith and 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, and without the requirement for the consent or sanction of Certificateholders. An Adjustment Spread, if applied, is (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 (i) 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 original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), or (ii) (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 original Reference Rate, or (iii) (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 original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate, as the case may be, or (iv) (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. Accordingly, the application of an Adjustment Spread may result in the Certificates performing differently (which may include payment of a lower Rate) than they would do if the original Reference Rate were to continue to apply in its current form. If no Adjustment Spread can be determined, a Successor Rate or Alternative Reference Rate may nonetheless be used to determine the Rate (or the relevant component part thereof). The use of a Successor Rate or Alternative Reference Rate (including with or without the application of an Adjustment Spread) may still result in any Certificates linked to or referencing an original Reference Rate performing differently (which may include payment of a lower Rate) than they would if the original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Reference Rate is determined, the ultimate fallback for the purposes of the calculation of the Rate for the relevant immediately following Return Accumulation Period may result in the Rate (or the relevant component part thereof) for the last preceding Return Accumulation Period being used. Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Certificates in making any investment decision with respect to any Certificates referencing a benchmark.

RISK FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISKS ASSOCIATED WITH ENFORCEMENT IN THE KINGDOM OF SAUDI ARABIA

There are uncertainties around the choice of English law as the governing law of certain Transaction Documents and around enforcement of foreign arbitral awards in the Kingdom

The Certificates and certain of the Transaction Documents will be governed by English law. Furthermore, the parties to the Transaction Documents have agreed to refer any unresolved dispute in relation to the Transaction Documents to arbitration under the Arbitration Rules of the London Court of International Arbitration (**LCIA**). Whilst the choice of English law as the governing law of the Certificates and certain of the Transaction Documents does not contravene the laws and regulations of the Kingdom, the courts and judicial committees of the Kingdom may not recognise the choice of English law.

In addition, whilst the arbitration agreement is valid under English law and the laws and regulations of the Kingdom, the courts and judicial committees of the Kingdom will require any arbitral award pursuant to the arbitration agreement to satisfy certain requirements, including compliance with the principles of *Shari'a*. Accordingly, in any proceedings relating to the Certificates or the Transaction Documents in the Kingdom, *Shari'a*, as interpreted in the Kingdom, may be applied by the relevant court or judicial committee. The courts and judicial committees of the Kingdom have the discretion to deny the enforcement of any contractual or other obligations, if, in their opinion, the enforcement thereof would be contrary to the principles of *Shari'a*. As such there can be no assurance that the Saudi courts will recognise and enforce any arbitral award made under the arbitration agreement.

Further, the application of the Bankruptcy Law (issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14/02/2018G)) as amended (the **Bankruptcy Law**) may adversely impact the performance of certain obligations and the enforceability of certain provisions under the Transaction Documents. The Bankruptcy Law, which came into effect on 18 August 2018, remains relatively new and several provisions are untested or are subject to different interpretations. Therefore, there is some uncertainty as to the practical application of certain provisions under the Bankruptcy Law.

Arbitral awards relating to disputes under the Transaction Documents may not be enforceable in the Kingdom

The parties to the Transaction Documents have agreed to refer any unresolved dispute in relation to the Transaction Documents to arbitration under the LCIA Arbitration Rules with an arbitral tribunal with its seat in London.

The Enforcement Courts have jurisdiction over the enforcement of enforcement instruments as defined in the Enforcement Law (Royal Decree No. M/53 dated 13/08/1433H corresponding to 03/07/2012G) as amended. The Enforcement Courts may enforce all or any part of a foreign arbitral award provided that: (a) there is reciprocity in the enforcement of Saudi judgments or arbitral awards in the courts of the relevant jurisdiction; (b) the courts of the Kingdom do not hold exclusive jurisdiction over the dispute and the foreign arbitral award was issued in accordance with the jurisdictional rules of that country; (c) the respective parties to the foreign arbitral award were present, duly represented and able to defend themselves; (d) the arbitral award is final; (e) the arbitral award does not conflict with any ruling or order issued by a court of competent jurisdiction on the same matter in the Kingdom; and (f) the arbitral award is not contrary to any public policy of the Kingdom.

Although reciprocity may be demonstrated by way of the existence of a treaty or protocol between the Kingdom and the United Kingdom, such as the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the **New York Convention**), enforcement in the Kingdom of a foreign arbitral award is not certain. For example, there are a number of circumstances in which recognition of an arbitral award under the New York Convention may be declined, including where the award is contrary to the public policy of the receiving state. As a consequence, any arbitral award deemed by a court in the Kingdom as contrary to the public policy of the Kingdom may not be enforceable in the Kingdom. As such, the Trustee or the Delegate (on behalf of

Certificateholders) may ultimately not be able to enforce Dar Al-Arkan's obligations under the Transaction Documents to which it is a party.

The interpretation of the compliance of the Certificates and the Transaction Documents with Shari'a principles may differ amongst Saudi courts and judicial committees

Certain Transaction Documents will be governed by, and will be construed in accordance with, the laws and regulations of the Kingdom. Prospective investors should note that the various courts and judicial committees of the Kingdom applying the laws and regulations of the Kingdom, and in particular the relevant principles of Islamic law (*Shari'a*) are generally construed and applied pursuant to the teachings of the Hanbali school of jurisprudence, which may interpret or enforce, or reinterpret, any Transaction Documents governed by the laws and regulations of the Kingdom other than in accordance with their respective terms. There are majority and minority views within the Hanbali school of jurisprudence either of which may be applied in any particular case. In this regard, the courts and judicial committees of the Kingdom may decline to enforce any contractual or other obligations (including any provisions relating to the payment of profit) if it is their view that the enforcement thereof would be contrary to principles of *Shari'a*.

Prospective investors should note that to the best of the Trustee's and Dar Al-Arkan's knowledge, no securities of a similar nature to the Certificates have previously been the subject of adjudicatory interpretation or enforcement in the Kingdom. Accordingly, it is uncertain exactly how and to what extent the Transaction Documents to which Dar Al-Arkan is a party (or any of them), would be enforced by any courts and judicial committees of the Kingdom.

Prospective investors should note that different *Shari'a* advisers and courts and judicial committees in the Kingdom may form different opinions on identical issues and therefore prospective investors should consult their own legal and *Shari'a* advisers to receive an opinion, as to the compliance or otherwise of the Certificates and the Transaction Documents with *Shari'a* principles (see "*– Shari'a Rules are subject to different interpretations by different Shari'a boards and Shari'a scholars*" below). Prospective investors should also note that although Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft, the Internal Sharia Supervision Committee of Emirates NBD – Islamic and the Standard Chartered Bank Global Shariah Supervisory Committee have confirmed that the Transaction Documents are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them, such approvals and confirmations would not bind a court or judicial committee in the Kingdom, including in the context of any insolvency or bankruptcy proceedings relating to Dar Al-Arkan, and any court or judicial committee in the Kingdom will have the discretion to make its own determination about whether the Transaction Documents comply with the laws of the Kingdom and *Shari'a* principles and therefore are enforceable in the Kingdom.

There are concerns as to the effectiveness under the laws and regulations of the Kingdom of any transfer of an interest in an asset in the Kingdom to a Saudi company on behalf of foreign nationals unless a corporate presence is formed in the Kingdom and the relevant licensing requirements have been met

The Foreign Investment Law issued under Royal Decree No. M/1 dated 5/1/1421H (corresponding to 10/4/2000G) *as amended* and the Anti-Cover Up Law issued under Royal Decree No. M/4 dated 1/1/1442H (corresponding to 20/8/2020G) (the **Anti-Cover Up Law**) prohibit persons and companies in the Kingdom from doing business in the Kingdom on behalf of foreign nationals unless they meet certain requirements, including certain licensing requirements. The Trustee could be interpreted as contravening this prohibition by entering into the Purchase Agreement and the other relevant Transaction Documents to which it is a party.

On the basis of the foregoing, prospective investors should note that there is uncertainty as to the effectiveness under the laws and regulations of the Kingdom of any transfer of an interest in an asset in the Kingdom pursuant to the Transaction Documents relating to a Series, absent compliance with the matters specified above. As a result, if the Trustee fails to comply with its obligations under the Transaction Documents to which it is a party, a Saudi court, judicial or administrative tribunal or government authority is likely proceed in one of the following two ways:

(a) a Saudi court or judicial or administrative tribunal may consider the Transaction Documents as a whole and give effect to the commercial intention of the parties to treat the arrangements set out therein as a financing transaction without requiring compliance with the Foreign Investment Law (and as not being in breach of the Anti-Cover Up Law), and subject to the other risks described in this "*— Risk factors which are material for the purpose of assessing the risks associated with enforcement in the Kingdom of*

Saudi Arabia" section may enforce the payment obligations set out in the relevant Transaction Documents; or

(b) a Saudi court or judicial or administrative tribunal may characterise the transactions contemplated by the Purchase Agreement and the other relevant Transaction Documents as an unlawful investment which is void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi court, judicial or administrative tribunal or government authority is likely to require that Dar Al-Arkan return to the Trustee the relevant proceeds of the issuance of the Certificates of the relevant Series less any rental amounts already paid, and may appoint an expert to determine the amount of damages (if any) to which the parties may be entitled.

Claims for specific performance under the Transaction Documents may not be granted and there can be no assurances as to the level of damages that may be awarded in the event of a breach under the Transaction Documents.

In the event that Dar Al-Arkan fails to perform its obligations under any Transaction Document, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the relevant obligations or a claim for damages. On the basis of the above, there can be no assurance that a court will provide an order for specific performance which is a discretionary matter. Furthermore, the amount of damages which a court in the Kingdom may award in respect of a breach will depend upon a number of possible factors including an obligation on the Trustee, Dar Al-Arkan or the Delegate to mitigate any loss arising as a result of the breach. No assurances can be provided as to the level of damages a court may award in the event of a failure by Dar Al-Arkan to perform its obligations as set out in the Transaction Documents, and therefore prospective Certificateholders should note that, if damages are awarded, they may receive less than they would had an order for specific performance been granted, therefore leaving them in a detrimental position.

Courts and judicial committees of the Kingdom will not give effect to penalties and certain types of indemnities

Prospective investors should note that should any provision of the Transaction Documents be construed by a court or judicial committee in the Kingdom to be an agreement to pay a penalty rather than a genuine estimate of loss incurred, such provision would not be enforced in the Kingdom. Further, any indemnity provided by Dar Al-Arkan pursuant to the Transaction Documents or in relation to any Series may not be enforceable under the laws and regulations of the Kingdom to the extent that it: (a) purports to be effective notwithstanding any judgment or order of a court to the contrary, or (b) is contrary to any applicable law or public policy relating thereto. Prospective Certificateholders should note that the courts and judicial committees of the Kingdom may not give effect to any of the Dar Al-Arkan Events other than those Dar Al-Arkan Events relating to the non-payment of amounts due under the Transaction Documents. As such, Certificateholders may ultimately not be able to enforce the Trustee's and/or Dar Al-Arkan's relevant obligations under the Transaction Documents.

Courts and judicial committees of the Kingdom may not give effect to unilateral promises

Under Islamic law (*Shari'a*) there are different opinions amongst scholars with respect to the enforceability of a unilateral promise which can be divided into three distinct positions: (i) a unilateral promise will be enforceable in all circumstances, (ii) a unilateral promise will not be enforceable in any circumstances and (iii) a unilateral promise will be enforceable where a breach would cause harm to the promisee. In addition, the absence of both a doctrine of binding precedent in the Kingdom and a public centralised index of previous judgments of courts and judicial committees allow judges notable interpretative discretion and thus render it difficult to predict which of the above positions would be followed by a court or judicial committee in the Kingdom. As a result, such a unilateral promise may not create an obligation which would be enforceable before the courts and judicial committees of the Kingdom. The Purchase Undertaking is a unilateral promise from Dar Al-Arkan to the Trustee and the Delegate. Accordingly, prospective investors should be aware that its terms may not be enforceable before the courts and judicial committees of the Kingdom and, as a consequence, Certificateholders may not receive the relevant Dissolution Amount due to them under the Certificates.

A court may not grant an order for specific performance

In the event that Dar Al-Arkan fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the relevant obligations or a claim for damages. On the basis of the above, there can be no assurance that a court will provide an order for specific performance which is a discretionary matter. Furthermore, the amount of damages which a court in the Kingdom may award in respect of a breach will depend upon a number

of possible factors including an obligation on the Trustee, Dar Al-Arkan or the Delegate to mitigate any loss arising as a result of the breach. No assurances can be provided as to the level of damages a Saudi court may award in the event of a failure by Dar Al-Arkan to perform its obligations as set out in the Transaction Documents to which it is a party, and therefore prospective investors should note that, if damages are awarded, they may receive less than they would had an order for specific performance been granted, therefore leaving them in a detrimental position.

The terms of Trust Deeds may not be enforceable in the Kingdom

The English law concept of a trust does not exist as such in the Kingdom. Accordingly, there is no certainty that the terms of the Master Trust Deed and any Supplemental Trust Deed (each of which will be governed by English law) would be enforced by the courts of the Kingdom and, as such, there can be no assurance that the obligations of the Trustee and/or the Delegate under the Master Trust Deed and any Supplemental Trust Deed to act on behalf of the Certificateholders in accordance with their instructions (given in accordance with the Conditions) are enforceable as a matter of contract under the laws of the Kingdom or that the courts of Saudi Arabia would recognise any claim of the Delegate (on behalf of Certificateholders) under the Transaction Documents pursuant to the Master Trust Deed. Accordingly, prospective investors should be aware that the terms of the Master Trust Deed may not be enforceable before the courts and judicial committees of the Kingdom and, as a consequence, Certificateholders may not receive the relevant Dissolution Amount due to them under the Certificates.

No assurances can be given as to any change of law after the date of this Base Prospectus

The structure of each issue of Certificates under the Programme is based on English law, Cayman Islands law, the laws and regulations of the Kingdom and administrative practices therein in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to, or interpretation of, English law, Cayman Islands law or the laws and regulations of the Kingdom or administrative practices in such jurisdiction after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Trustee to make payments under the Certificates or of Dar Al-Arkan to comply with its obligations under the Transaction Documents to which it is a party.

Compliance with bankruptcy laws in the Kingdom may affect Dar Al-Arkan's ability to perform its obligations under the Transaction Documents to which it is a party

The Bankruptcy Law created several bankruptcy procedures. If Dar Al-Arkan would be fulfilling the conditions to benefit from any of those bankruptcy procedures, this may adversely affect Dar Al-Arkan's ability to perform its obligations under the Transaction Documents to which it is a party and, in turn, affect the Trustee's ability to perform its obligations in respect of the Certificates. There is little precedent to predict how claims by or on behalf of the Certificateholders and/or the Delegate would be resolved in the event of Dar Al-Arkan's fulfilling the conditions of any of those bankruptcy procedures and accordingly it is uncertain exactly how and to what extent the Transaction Documents would be enforced by a Saudi adjudicatory body in that situation, and therefore there can be no assurance that Certificateholders will receive repayment of their claims in full or at all in these circumstances.

Emerging markets are subject to greater risks than more developed markets

Investors in emerging markets should be aware that these markets are subject to greater risks than more developed markets, including, in some cases, significant legal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

Accordingly, there can be no assurance that the market for securities bearing emerging market risk, such as the Certificates, will not be affected negatively by events elsewhere, especially in other emerging markets.

The legal system in the Kingdom continues to develop and this, as well as certain aspects of the laws of Saudi Arabia, may create an uncertain environment for investment and business activity

The courts and adjudicatory bodies in the Kingdom have wide discretion as to how laws, regulations and principles of Islamic law (*Shari'a*) are applied to a particular set of circumstances. There is no doctrine of binding precedent in the courts of Saudi Arabia, decisions of various courts and judicial committees of Saudi Arabia and Royal Decrees, ministerial decisions and resolutions, departmental circulars and other pronouncements of official bodies

of Saudi Arabia which have the force of law are not generally or consistently indexed and collected in a central place or made publicly available. Accordingly, it is uncertain exactly how and to what extent any Certificate, the Conditions and/or the Transaction Documents would be enforced by a Saudi court or any other Saudi adjudicatory body, should circumstances dictate that they have jurisdiction. Further, in some circumstances, it may not be possible to obtain the legal remedies provided under the laws and regulations of Saudi Arabia in a timely manner. As a result of these and other factors, the outcome of any legal disputes in the Kingdom may be uncertain.

Under Islamic law (*Shari'a*) as applied in the Kingdom, a loan that generates a benefit to the lender is considered "*riba*". As such, an obligation to pay interest or a sum in the nature of interest (whether described as "commission", "profit" or another synonym), including any form of benefits, is not enforceable. Prospective investors should note that the provisions of the Transaction Documents relating to the payment of commission or profit (whether described as "commission", "profit" or another synonym) and possibly any arrangement, commitment, agency, administration or upfront fees, may not be enforceable under the laws of Saudi Arabia and therefore prospective investors may not be able to enforce their right to receive such amounts under the Transaction Documents.

A court or judicial committee in the Kingdom is likely to refuse to give a judgment in respect of principal amounts to the payee of such amounts in an amount greater than the principal sums found by such court or judicial committee to be due and payable less the amount of sums in the nature of interest (however described) already paid by the payer to the payee. Any amounts previously paid to the Certificateholders on the Certificates and/or pursuant to the Transaction Documents in respect of sums in the nature of commission or profit may therefore reduce the amount receivable by the Certificateholders in relation to payments of principal.

Investors are required to rely on Euroclear and Clearstream, Luxembourg procedures whilst Certificates are held in those clearing systems

The Certificates of each Series will be represented on issue by a Global Certificate that will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the ownership interests in Global Certificates. While the Certificates of any Series are represented by a Global Certificate, investors will be able to trade their ownership interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

While the Certificates of any Series are represented by a Global Certificate, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the relevant Certificates. The Trustee has no responsibility or liability for the records relating to, or payments made in respect of, ownership interests in any Global Certificate.

Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the relevant Certificates. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Shari'a rules are subject to different interpretations by different Shari'a boards and Shari'a scholars

Each of Khalij Islamic, Sharia Adviser to Deutsche Bank Aktiengesellschaft, the Internal Sharia Supervision Committee of Emirates NBD – Islamic and the Standard Chartered Bank Global Shariah Supervisory Committee has confirmed that the Certificates and the Transaction Documents are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or any issue and trading of any Certificates will be deemed to be *Shari'a* compliant by any other *Shari'a* board or *Shari'a* scholars. None of the Trustee, Dar Al-Arkan, the Dealers, the Delegate or the Agents makes any representation as to the *Shari'a* compliance of any Certificates and/or any trading thereof, the Transaction Documents or the above pronouncements and prospective investors are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* boards. In addition, none of the Dealers, the Delegate and the Agents will have any responsibility for monitoring or ensuring compliance with any *Shari'a* principles of debt trading referred to in Conditions 11.6 or 11.7 nor shall it be liable to any Certificateholder or any other person in respect thereof.

Prospective investors should therefore not rely on the approvals referred to above in deciding whether to make an investment in the Certificates and should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and whether the Certificates will meet their individual standards of compliance and should

also make their own determination as to the future tradability of any Certificates on any secondary market. Questions as to the *Shari'a* permissibility of the Transaction Documents or the issue and the trading of any Certificates may limit the liquidity and adversely affect the market value of the Certificates.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties would, if in dispute, either be the subject of court or judicial committee proceeding under English law or the laws and regulations of the Kingdom. In such circumstances, the judge should apply the relevant governing law of the Transaction Document in determining the obligation of the parties. See also "– *The interpretation of the compliance of the Certificates and the Transaction Documents with Shari'a principles may differ amongst Saudi courts and judicial committees*" above.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time

Dar Al-Arkan has been rated B1 by Moody's Investors Service Limited (**Moody's**). In addition, one or more independent credit rating agencies may assign credit ratings to the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time. Any ratings of Dar Al-Arkan or the Certificates may not reflect the potential impact of all the risks related to the structure, market, additional factors discussed herein and other factors that may affect the value of the Certificates. No assurances can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgement, circumstances in the future so warrant. Any actual or anticipated changes in Dar Al-Arkan's credit ratings or the ratings of the Certificates may adversely affect the cost and terms and conditions of our financings and could negatively affect the market value and trading of the Certificates.

Dar Al-Arkan has engaged in, and may engage in, discussions from time to time with other international and regional credit rating agencies regarding a corporate rating, although no such corporate rating currently exists. However, should Dar Al-Arkan and/or any Certificates be rated in the future by one or more of these credit rating agencies, there can be no assurance that any rating(s) assigned to Dar Al-Arkan and/or any Certificates would be at least equivalent to the corporate rating assigned by Standard & Poor's (Dubai) Limited at such time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. This is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Certificates changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade

In relation to any issue of Certificates which have a denomination consisting of the minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Certificates may be traded in amounts in excess of such minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Certificateholder who, as a result of trading such amounts, holds a face amount of less than the minimum Specified Denomination would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the minimum Specified Denomination to be able to trade such Certificates. Certificateholders should be aware that Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

If a Certificateholder holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time such Certificateholder may not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a face amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive a definitive Certificate.

If definitive Certificates are issued, holders should be aware that definitive Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Defined majorities of Certificateholders and the Delegate can consent to variation of certain provisions in the Transaction Documents

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Certificateholders including Certificateholders who did not attend and vote at the relevant meeting and Certificateholders who voted in a manner contrary to the majority.

The Master Trust Deed contains provisions permitting the Delegate from time to time and at any time without any consent or sanction of the Certificateholders to make any modification (other than in the case of a Reserved Matter or any provision of the Master Trust Deed or the Conditions referred to in the definition of a Reserved Matter) to the Master Trust Deed, any Supplemental Trust Deed or any other Transaction Document if, in the opinion of the Delegate, such modification (a) is of a formal, minor or technical nature, or (b) is made to correct a manifest error, or (c) is not materially prejudicial to the interests of the relevant Certificateholders. Unless the Delegate otherwise agrees, any such modification shall as soon as practicable thereafter be notified to the relevant Certificateholders and shall in any event be binding upon the relevant Certificateholders.

Certain Certificateholders may be exposed to currency conversion risk due to Certificates being denominated in a currency other than the currency or currency unit in which that Certificateholder's financial activities are principally denominated

The Trustee will make all payments on the Certificates. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Trustee does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile and volatility between such currencies or with other currencies may be expected in the future. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Certificates, (2) the Investor's Currency equivalent value of the principal payable on the Certificates and (3) the Investor's Currency equivalent market value of the Certificates.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate as well as the availability of a specified foreign currency at the time of any payment of any Periodic Distribution Amount or Dissolution Amount on a Certificate. As a result, investors may receive less amounts under the Certificates than expected, or no such amounts. Even if there are no actual

exchange controls, it is possible that the Specified Currency for any particular Certificate may not be available at such Certificate's maturity.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Base Prospectus:

(a) the independent auditor's review report and interim condensed consolidated financial statements of Dar Al-Arkan as of and for the three-month period ended 31 March 2023 (available at https://www.daralarkan.com/wp-content/uploads/2023/06/2023-Interim-Q1-Financial-Statements-Searchable44030646.1.pdf);

(b) the independent auditor's report and audited consolidated financial statements of Dar Al-Arkan as of and for the financial year ended 31 December 2022 (available at: https://www.daralarkan.com/wp-content/uploads/2023/06/2022-Audited-Financial-Statements-Searchable44030641.1.pdf); and

(c) the independent auditor's report and audited consolidated financial statements of Dar Al-Arkan as of and for the financial year ended 31 December 2021 (available at: https://www.daralarkan.com/wp-content/uploads/2023/06/2021-Annual-Consolidated-Financial-Statement.pdf).

Following the publication of this Base Prospectus, a supplement may be prepared by the Trustee and Dar Al-Arkan and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Trustee and from the specified office of the Principal Paying Agent for the time being in London.

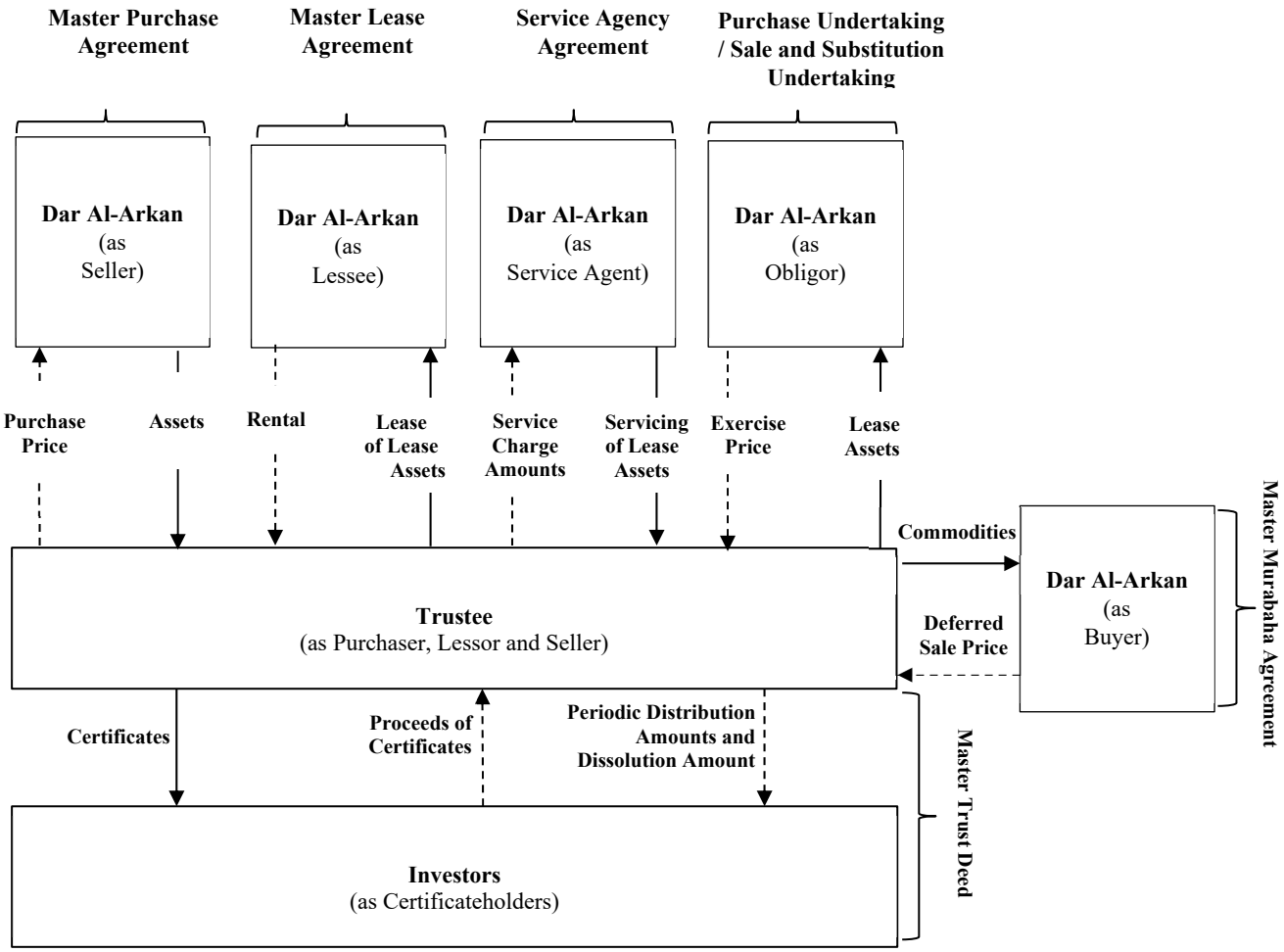
Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

The Trustee and Dar Al-Arkan will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

STRUCTURE DIAGRAM AND CASHFLOWS

Set out below is a simplified structure diagram and description of the principal cash flows underlying each Series issued. Prospective investors are referred to the terms and conditions of the Certificates and the detailed descriptions of the relevant Transaction Documents and the Terms and Conditions of the Certificates set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below.

Structure Diagram



Principal cash flows

Payments by the Certificateholders and the Trustee

On the Issue Date of each Series of Certificates, the Certificateholders will pay the issue price (the **Issue Price**) in respect of the Certificates to the Trustee, and the Trustee will apply the Issue Price as follows:

(a) an amount as specified in the applicable Final Terms, which is equal to no less than 55 per cent. of the aggregate face amount of the relevant Certificates, to, or to the order of, Dar Al-Arkan (or any of its Restricted Subsidiaries) (in its capacity as seller, the **Seller**) as the purchase price payable for the purchase from the Seller of all of its rights, title, interest, benefits and entitlements in, to and under certain Eligible Assets (as defined below) (the **Assets**) under the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement; and

(b) if applicable, the remaining proportion of the proceeds of the Issue Price as specified in the applicable Final Terms, which shall be equal to no more than 45 per cent. of the aggregate face amount of the relevant Certificates as the cost price (the **Murabaha Investment Amount**) to purchase certain *Shari'a* compliant commodities (the **Commodities**) for the purpose of the Trustee selling such Commodities to Dar Al-Arkan (in its capacity as buyer, the **Buyer**) on a deferred payment basis for a deferred sale price comprising the Murabaha Investment Amount together with a profit amount specified in an offer notice (the **Deferred Sale Price**) payable on the relevant Dissolution Date pursuant to a murabaha contract (the **Murabaha Contract**) (such sale of Commodities to the Buyer, the **Commodity Murabaha Investment**).

Eligible Assets means real estate assets owned by the Seller and located in the Kingdom (excluding the cities of Makkah and Medina).

On the Issue Date of each Series of Certificates, pursuant to the terms of the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement, the Trustee (in its capacity as lessor, the **Lessor**) shall lease to Dar Al-Arkan (in its capacity as lessee, the **Lessee**) and the Lessee shall lease from the Lessor, the Assets (the **Lease Assets**) for a lease term equal to the tenor of the relevant Certificates in consideration for payment of a periodic rental amount (the **Rental**).

Periodic Distribution Payments

On the Payment Business Day immediately preceding each Periodic Distribution Date in relation to each Series of Certificates, Dar Al-Arkan (in its capacity as service agent, the **Service Agent**) shall apply amounts standing to the credit of a ledger account (the **Collection Account**) comprised of an amount equal to the Rental payable by the Lessee pursuant to the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement and, if applicable, the instalment profit component (the **Murabaha Instalment Profit Amount**) of the Deferred Sale Price payable in respect of the Commodity Murabaha Investment, in each case in connection with such Periodic Distribution Date, into an account maintained in London in the Trustee's name (the **Transaction Account**), which is intended to fund an amount equal to the aggregate of the Periodic Distribution Amounts payable by the Trustee under the Certificates of the relevant Series on the immediately following Periodic Distribution Date (the **Required Amount**) and shall be applied by the Trustee for that purpose.

Dissolution Payments

On the Payment Business Day immediately preceding the Scheduled Dissolution Date in relation to each Series of Certificates:

(a) the Trustee shall have the right under the Purchase Undertaking to require Dar Al-Arkan to purchase from the Trustee all of the Trustee's rights, title, interest, benefits and entitlements in, to and under, the Lease Assets at the Exercise Price; and

(b) the aggregate amounts of Deferred Sale Price then outstanding, if any, shall become immediately due and payable under the Master Murabaha Agreement,

and such amounts are intended to fund the relevant Dissolution Amount payable by the Trustee under the Certificates of the relevant Series on the Scheduled Dissolution Date.

The Certificates in relation to any Series may be redeemed in whole or in part, as the case may be, prior to the Scheduled Dissolution Date for the following reasons: (i) for taxation reasons, (ii) if so specified in the applicable Final Terms as being applicable, at the option of the Trustee, (iii) if so specified in the applicable Final Terms as being applicable, at the option of the Certificateholders, (iv) at the option of the Certificateholders following a Change of Control, (v) at the option of the Certificateholders following a Tangibility Event, (vi) for clean-up reasons, (vii) provided that the Lease Assets have not been replaced in accordance with the Service Agency Agreement, following a Total Loss Event, and (viii) following a Dissolution Event.

In the case of each of (i), (ii), (iii), (iv), (v), (vi) and (viii) above, such redemption of the Certificates shall be funded in a similar manner as for the payment of the relevant Dissolution Amount on the Scheduled Dissolution Date, save that, in the case of (i) and (ii) only, Dar Al-Arkan shall have the right under the Sale and Substitution

Undertaking to require the Trustee to sell, transfer and convey to it all of the Trustee's rights, title, interest, benefits and entitlements in, to and under, the Lease Assets at the Exercise Price.

In the case of (vii) above, on the Total Loss Dissolution Date:

(a) the Trustee shall have the right under the Service Agency Agreement to receive all insurance proceeds relating to the Lease Assets together with, if applicable, any Loss Shortfall Amount payable by the Service Agent in connection therewith; and

(b) aggregate amounts of Deferred Sale Price then outstanding, if any, shall become immediately due and payable under the Master Murabaha Agreement.

OVERVIEW OF THE PROGRAMME

The following is an overview of the principal features of the Programme. This overview does not contain all of the information that an investor should consider before investing in Certificates and is qualified in its entirety by the remainder of this Base Prospectus and the applicable Final Terms. Each investor should read the entire Base Prospectus and the applicable Final Terms carefully, especially the risks of investing in Certificates issued under the Programme discussed under "Risk Factors".

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980 as it forms part of domestic law by virtue of the EUWA.

Words and expressions defined elsewhere in this Base Prospectus shall have the same meanings in this overview.

Trustee:	Dar Al-Arkan Sukuk Company Ltd., an exempted company incorporated with limited liability in accordance with the laws of, and formed and registered in, the Cayman Islands with registered number 276880 and its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party.
Trustee (LEI):	5493000UYHRBXEIYUQ69
Dar Al-Arkan:	Dar Al-Arkan Real Estate Development Company, a limited liability company incorporated under the laws of the Kingdom of Saudi Arabia with commercial registration number 1010160195.
Dar Al-Arkan (LEI):	558600USX20EGH6LVQ89
Risk Factors:	There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme, and Dar Al-Arkan's obligations under the Transaction Documents to which it is a party. In addition, there are certain factors which are material in relation to the Trust Assets and also for the purpose of assessing the market risks associated with Certificates issued under the Programme. All of these factors are set out under "*Risk Factors*" above.
Ownership of the Trustee:	The authorised share capital of the Trustee is U.S.$50,000 consisting of 50,000 shares of U.S.$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held by MaplesFS Limited on trust for charitable purposes.
Administration of the Trustee:	The affairs of the Trustee are managed by MaplesFS Limited (the Trustee Administrator), who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to an amended and restated corporate services agreement dated 2 June 2022 between the Trustee and the Trustee Administrator (the **Corporate Services Agreement**). The Trustee Administrator's registered office is P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.
Arrangers:	Alkhair Capital (Dubai) Limited Deutsche Bank Aktiengesellschaft Emirates NBD Bank PJSC Standard Chartered Bank
Dealers:	Alkhair Capital (Dubai) Limited Deutsche Bank Aktiengesellschaft Emirates NBD Bank PJSC

	Standard Chartered Bank
	and any other Dealer appointed from time to time either generally in respect of the Programme or in relation to a particular Series of Certificates.
Delegate:	Deutsche Trustee Company Limited
	Pursuant to the Master Trust Deed, the Trustee shall delegate to the Delegate certain of the present and future powers, authorities and discretions vested in the Trustee by certain provisions of the Master Trust Deed. In particular, the Delegate shall be entitled to (and, in certain circumstances, shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be obliged to) take enforcement action in the name of the Trustee against Dar Al-Arkan following a Dissolution Event.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A.
Certain Restrictions:	Each Series denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). The proceeds of each Series will not be accepted in the UK except in compliance with applicable law, including article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.
Programme Size:	Up to U.S.$2,500,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Trustee and Dar Al-Arkan may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Issuance in Series:	The Certificates will be issued in Series, the specific terms of which will be completed in the applicable Final Terms.
Distribution:	Certificates may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Trustee, Dar Al-Arkan and the relevant Dealer.
Maturities:	The Certificates will have such maturities as may be agreed between the Trustee, Dar Al-Arkan and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Trustee or the relevant Specified Currency.
Benchmark Discontinuation:	In the event that a Benchmark Event occurs, such that any profit rate (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Trustee and Dar Al-Arkan may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 8.4 for further

	information.
Issue Price:	Certificates may be issued at any price on a fully paid basis, as specified in the applicable Final Terms. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, Dar Al-Arkan and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
Form of Certificates:	The Certificates will be issued in registered form as described in "*Form of the Certificates*". The Certificates of each Series will be represented on issue by ownership interests in a Global Certificate which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg. Ownership interests in each Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by each relevant clearing system and its participants. See "*Form of the Certificates*". Definitive Certificates evidencing holdings of Certificates will be issued in exchange for ownership interests in a Global Certificate only in limited circumstances.
Clearance and Settlement:	Holders of the Certificates must hold their interest in the relevant Global Certificate in book-entry form through Euroclear or Clearstream, Luxembourg. Transfers within and between Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearance systems.
Face Amount of Certificates:	The Certificates will be issued in such face amounts as may be agreed between the Trustee, Dar Al-Arkan and the relevant Dealer save that the minimum face amount of each Certificate will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*" above, and save that the minimum face amount of each Certificate admitted to trading on a regulated market in the UK will be €100,000 (or, if the Certificates are issued in a currency other than euro, the equivalent amount in such currency).
Status of the Certificates:	Each Certificate will evidence an undivided ownership interest of the Certificateholders in the Trust Assets of the relevant Series, will be a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank *pari passu*, without any preference or priority, with all other Certificates of the relevant Series issued under the Programme. The **Trust Assets** of the relevant Series will be (a) the cash proceeds of the issue of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents, (b) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Lease Assets, (c) all of the Trustee's rights, title, interest, benefits and entitlements, 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 (d) all monies standing to the credit of the relevant Transaction Account from time to time, and all proceeds of the foregoing, and such Trust Assets will be held upon trust absolutely for the Certificateholders pro rata according to the face amount of Certificates held by each Certificateholder for the relevant Series.
Periodic Distributions:	Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the applicable Final Terms.

Redemption of Certificates:	Unless the Certificates are previously redeemed or purchased and cancelled, the Certificates shall be redeemed by the Trustee at the relevant Dissolution Amount and on the relevant Scheduled Dissolution Date specified in the applicable Final Terms and the Trust in relation to the relevant Series will be dissolved by the Trustee.
Dissolution Events:	Upon the occurrence of any Dissolution Event, the Certificates may be redeemed in full on the Dissolution Date at the relevant Dissolution Amount, together with any accrued but unpaid Periodic Distribution Amount and the relevant Return Accumulation Period may be adjusted accordingly. See Condition 15.
Early Dissolution for Tax Reasons:	Upon the occurrence of a Tax Event and subject to certain conditions as set out in Condition 11.2, the Trustee shall, upon receipt of a duly completed exercise notice from Dar Al-Arkan in accordance with the Sale and Substitution Undertaking, redeem the Certificates in whole but, not in part, at the relevant Early Dissolution Amount (Tax) together with any accrued but unpaid Periodic Distribution Amounts on the relevant Early Tax Dissolution Date, in accordance with 11.2.
Dissolution at the Option of the Trustee:	If so specified in the applicable Final Terms as being applicable, the Trustee shall, upon receipt of a duly completed exercise notice from Dar Al-Arkan in accordance with the Sale and Substitution Undertaking, redeem the Certificates, in whole but not in part at the relevant Early Dissolution Amount (Trustee Call) on the relevant Early Dissolution Date (Trustee Call), in accordance with Condition 11.3. *Early Dissolution (Trustee Call) and Certificateholder Put Right may not both be specified as applicable in the applicable Final Terms*.
Dissolution at the Option of Certificateholders:	If so specified in the applicable Final Terms as being applicable, Certificateholders may elect to redeem their Certificates on any Certificateholder Put Right Date(s) at the relevant Certificateholder Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts in accordance with Condition 11.4. *Certificateholder Put Right and Early Dissolution (Trustee Call) may not both be specified as applicable in the applicable Final Terms.*
Dissolution at the Option of Certificateholders following a Change of Control:	The Trustee shall, upon receipt of a written notice from Dar Al-Arkan, or otherwise upon having actual knowledge, of the occurrence of a Change of Control, promptly give notice (a **Change of Control Notice**) of the occurrence of a Change of Control to the Delegate and the Certificateholders in accordance with Condition 18. Upon receipt of the Change of Control Notice, Certificateholders may elect within the Change of Control Put Right Period to redeem their Certificates on the relevant Change of Control Put Right Date at the Change of Control Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts, in accordance with Condition 11.5.
Dissolution at the Option of Certificateholders following Tangibility Event:	The Trustee shall, upon receipt of a written notice from Dar Al-Arkan of the occurrence of a Tangibility Event in accordance with the Service Agency Agreement, promptly give notice (a **Tangibility Event Notice**) to the Delegate and the Certificateholders in accordance with Condition 18. Upon receipt of the Tangibility Event Notice, Certificateholders may elect within the Tangibility Event Put Period to redeem their Certificates on the relevant Tangibility Event Put Right Date at the Tangibility Event Put Right Dissolution Amount together with any accrued but unpaid Periodic

	Distribution Amounts, in accordance with Condition 11.6. Following the occurrence of a Tangibility Event, as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against assets and/or eligible commodities on a spot settlement basis). On the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates have been admitted to listing.
Dissolution following a Total Loss Event:	Following the occurrence of a Total Loss Event in respect of a Series of Certificates and provided that the Lease Assets have not been replaced in accordance with the Service Agency Agreement, the relevant Supplemental Lease Agreement and the lease shall be automatically terminated on the date of occurrence of such Total Loss Event (and further payments of Rental shall cease to accrue on such date of occurrence of the Total Loss Event) in accordance with the Master Lease Agreement. The Trustee shall redeem the Certificates in whole, but not in part, on the relevant Total Loss Dissolution Date at the relevant Total Loss Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts in accordance with Condition 11.7. Following the occurrence of a Total Loss Event in respect of a Series of Certificates and from the date of the Trading Notice and until any further notice from the Trustee, in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).
Partial Loss Event:	Following the occurrence of a Partial Loss Event in respect of a Series of Certificates and provided that: (a) the Lease Assets have not been replaced in accordance with the Service Agency Agreement and a notice of termination (such notice, a **Partial Loss Termination Notice**) of the lease on the 61st day after the date of occurrence of a Partial Loss Event has been delivered by Dar Al-Arkan to the Trustee within 30 days following the occurrence of the Partial Loss Event in accordance with the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement; or (b) the Lease Assets have not been replaced in accordance with the Service Agency Agreement, the relevant Supplemental Lease Agreement and the lease shall be automatically terminated on the 61st day following the occurrence of the Partial Loss Event (and further payments of Rental shall cease to accrue on such 61st day following the occurrence of the Partial Loss Event) in accordance with the Master Lease Agreement (such termination as a result of either of the circumstances described in (a) or (b), being a **Partial Loss Dissolution Event**). A Partial Loss Dissolution Event shall constitute a Dar Al-Arkan Event, which in turn shall constitute a Dissolution Event.
Trustee Covenants:	The Trustee has agreed to certain restrictive covenants as set out in Condition 5.
Dar Al-Arkan and Restricted Subsidiary Covenants:	Dar Al-Arkan has agreed to certain restrictive covenants limiting its ability and the ability of its Restricted Subsidiaries to, *inter alia*:

(a) incur additional indebtedness;

(b) pay dividends or make other distributions to shareholders;

(c) enter into arrangements that restrict dividends or other payments from subsidiaries;

(d) sell assets, including stock of subsidiaries;

(e) enter into transactions with affiliates;

(f) engage in different business activities;

(g) create liens on assets to secure debt;

(h) enter into sale and leaseback transactions; and

(i) merge or consolidate with another company,

as set out in Condition 6.

If, on any date following the Issue Date of any Series, the relevant Certificates 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, certain covenants shall not apply to the relevant Certificates until such time, if any, as the relevant Certificates are downgraded below Investment Grade.

Cancellation of Certificates held by Dar Al-Arkan and/or any of its Subsidiaries:	Pursuant to Condition 14, Dar Al-Arkan and/or any of its Subsidiaries may at any time purchase Certificates in the open market or otherwise. If Dar Al-Arkan wishes to cancel such Certificates purchased by it and/or any of its Subsidiaries, Dar Al-Arkan will deliver those Certificates to the Principal Paying Agent for cancellation on the next succeeding Periodic Distribution Date.
Withholding Tax:	All payments in respect of Certificates by the Trustee shall be made without withholding or deduction for, or on account of, any Taxes. In such event, the Trustee will, save in the limited circumstances provided in Condition 12, be required to pay additional amounts so that the holders of the Certificates will receive the full amounts that they would have received in the absence of any such withholding or deduction. Further, in accordance with the Master Trust Deed, Dar Al-Arkan has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 12, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 12. The Transaction Documents to which it is a party provide that payments thereunder by Dar Al-Arkan shall be made without any withholding or deduction for, or on account of, any taxes unless such withholding or deduction is required by law and, in the event there is any such withholding or deduction required by law in the Kingdom, provide for the payment by Dar Al-Arkan of such additional amounts as will result in the receipt by

	Trustee of the net amounts as would have been receivable by it if no such withholding or deduction had been made.
Ratings:	The ratings assigned to certain Series to be issued under the Programme will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of payment and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.
Certificateholder Meetings:	A summary of the provisions for convening meetings of Certificateholders of each Series to consider matters relating to their interests as such is set out in Condition 19.
Tax Considerations:	See "*Taxation*" for a description of certain tax considerations applicable to the Certificates.
Listing and Admission to Trading:	Application has been made to the FCA for Certificates (other than Exempt Certificates) issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the London Stock Exchange's main market. Certificates may also be issued and listed (or admitted to trading, as the case may be), on other or further stock exchanges or markets agreed between the Trustee, Dar Al-Arkan and the relevant Dealer in relation to such Series. Certificates which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Transaction Documents:	The Transaction Documents in relation to each Series are the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement, the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement, the Service Agency Agreement, the Purchase Undertaking, the Sale and Substitution Undertaking and the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices and acceptances delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series).
Governing Law and Dispute Resolution:	The Certificates of each Series and any non-contractual obligations arising out of or in connection with the Certificates of each Series will be governed by, and construed in accordance with, English law. The Transaction Documents (other than the Master Purchase Agreement, the relevant Supplemental Purchase Agreement, the Master Lease Agreement and the relevant Supplemental Lease Agreement) and any non-contractual obligations arising out of or in connection with the same will be governed by, and construed in accordance with, English law. In respect of any dispute under any Transaction Document to which it is a party, Dar Al-Arkan has agreed to arbitration in London under the LCIA Arbitration Rules. The Master Purchase Agreement, the relevant Supplemental Purchase Agreement, the Master Lease Agreement and the relevant Supplemental Lease Agreement will be governed by, and construed in accordance with,

	the laws and regulations of the Kingdom. The Corporate Services Agreement will be governed by the laws of the Cayman Islands and will be subject to the non-exclusive jurisdiction of the courts of the Cayman Islands.
Limited Recourse:	Each Certificate represents solely an undivided ownership interest in the relevant Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available for the relevant Trust Assets. Certificateholders will otherwise have no recourse to any assets of the Trustee, the Delegate, the Agents or Dar Al-Arkan in respect of any shortfall in the expected amounts due under the relevant Trust Assets to the extent the Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished. 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 Dar Al-Arkan shall be to enforce its obligations under the Transaction Documents to which it is a party.
Selling Restrictions:	There are restrictions on the distribution of this Base Prospectus and the offer or sale of Certificates in the United States, the EEA, the UK, the Cayman Islands, Japan, the Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market), the Dubai International Financial Centre, the Kingdom of Bahrain, the State of Qatar (including the Qatar Financial Centre), Singapore, Hong Kong and Malaysia.
United States Selling Restrictions:	Regulation S, Category 2.

FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. Certificates will be issued outside the United States to persons who are not U.S. persons in reliance on Regulation S.

Each Series will initially be represented by a global certificate in registered form (a **Global Certificate**). Global Certificates will be deposited with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**) and will be registered in the name of a nominee for the common depositary. Persons holding ownership interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Certificates in fully registered form.

Payments of any amount in respect of each Global Certificate will, in the absence of any provision to the contrary, be made to the person shown on the relevant Register (as defined in Condition 1.2) as the registered holder of the relevant Global Certificate. None of the Trustee, the Delegate, any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

Payment of any amounts in respect of Certificates in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the relevant Register on the relevant Record Date (as defined in Condition 9.1) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in a Global Certificate will be exchangeable (free of charge) in whole, but not in part, for definitive Certificates only upon the occurrence of an Exchange Event. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 if an Exchange Event occurs. For these purposes, Exchange Event means that (i) a Dissolution Event (as defined in Condition 15) has occurred and is continuing, or (ii) the Trustee has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. In the event of the occurrence of an Exchange Event, any of the Trustee or Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange.

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Trustee will, at its own cost (but against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar within 15 days following the request for exchange for completion and dispatch to the relevant Certificateholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Trustee and the Registrar may require to complete, execute and deliver such Definitive Certificates.

General

For so long as any of the Certificates is represented by a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular face amount of such Certificates in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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 and their respective agents as the holder of such face amount of such Certificates for all purposes other than with respect to any payment on such face amount of such Certificates, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Trustee, the Delegate and their respective agents 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 of Certificates and related expressions shall be construed accordingly.

Any reference herein 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 the applicable Final Terms.

FORM OF FINAL TERMS

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**), only; and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore**, as amended or modified from time to time (the ***SFA***) - [*Notice to be included if classification of the Certificates is not "prescribed capital markets products", pursuant to Section 309B of the SFA*].]

Set out below is the form of Final Terms which will be completed for each Series issued under the Programme.

[*Date*]

Dar Al-Arkan Sukuk Company Ltd.

Legal Entity Identifier (LEI): 5493000UYHRBXEIYUQ69

Issue of [*Aggregate Face Amount of Series*] [*Title of Certificates*]
under the
U.S.$2,500,000,000
Trust Certificate Issuance Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 July 2023 [and the Supplement to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation. This document constitutes the Final Terms of the Certificates described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information.

Full information on the Trustee and Dar Al-Arkan Real Estate Development Company and the offer of the Certificates is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus and these Final Terms have been published on the market news section of the London Stock Exchange website (www.londonstockexchange.com/news).

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms*.]

[*If the Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Trustee:	Dar Al-Arkan Sukuk Company Ltd.
2.	Dar Al-Arkan:	Dar Al-Arkan Real Estate Development Company
3.	Series Number:	[ ]
4.	Specified Currency:	[ ]
5.	Aggregate Face Amount of Series:	[ ]
6.	Issue Price:	[ ] per cent. of the Aggregate Face Amount
7.	(a) Specified Denominations: (*this means the minimum integral face amount in which transfers can be made*)	[ ] (*N.B. Certificates must have a minimum denomination of €100,000 (or equivalent).)*
	(b) Calculation Amount (in relation to the calculation of the Periodic Distribution Amount whilst the Certificates are in global form, see the Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
8.	(a) Issue Date:	[ ]
	(b) Return Accrual Commencement Date:	[Issue Date][*specify other date*]
9.	Scheduled Dissolution Date:	[*Specify date or (for Floating Periodic Distribution Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.*]
10.	Periodic Distribution Amount Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[ ] month [EURIBOR/SAIBOR]] +/- [ ] per cent. Floating Periodic Distribution Amount] (see paragraph [15] [16] below)
11.	Dissolution Basis:	Dissolution at par
12.	Change of Periodic Distribution Basis:	[*Specify the date when any Fixed to Floating Distribution Amount Basis change occurs. Cross refer to paragraphs* 15 *and* 16 below *and identify there.*] [Not Applicable]
13.	Put/Call Rights:	[Not Applicable] [Certificateholder Put Right] [Early Dissolution (Trustee Call)] (see paragraph [17] [18] below)
14.	Status:	Unsubordinated

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(a)	Rate[s]:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(b)	Periodic Distribution Date(s):	[[ ] in each year up to and including the Scheduled Dissolution Date]
(c)	Fixed Amount(s):	[ ] per Calculation Amount
(d)	Broken Amount(s):	[[ ] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [ ]] [Not Applicable] (*Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 15(c)*)
(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
(f)	Determination Date(s):	[[ ] in each year][Not Applicable] (*Insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period* *N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration* *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
16.	Floating Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(a)	Specified Periodic Distribution Dates:	[[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (c) below, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]][Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable"*)
(b)	Specified Period:	[[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (c) below/, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]][Not Applicable] (*Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable"*)
(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(d)	Additional Business Centre(s):	[ ] [Not Applicable]
(e)	Manner in which the Rate(s) is/are to be determined:	[Screen Rate Determination (Condition 8.3) applies]
(f)	Screen Rate Determination:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
	(i) Reference Rate:	[ ] month [EURIBOR/SAIBOR]
	(ii) Periodic Distribution Determination Date:	[ ] (*The second day on which T2 is open prior to the start of each Return Accumulation Period if EURIBOR and second Riyadh business day prior to the start of each Return Accumulation Period if SAIBOR*)
	(iii) Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01, or, in the case of SAIBOR, if not Reuters Screen SUAA Page across from the caption "AVG", ensure it is a page which shows a composite rate*)
(g)	Margin:	[+/-][ ] per cent. per annum
(h)	Linear Interpolation:	[Not Applicable/Applicable - the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (*specify for each short or long return accumulation period*)]
(i)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(j)	Calculation Agent:	[Principal Paying Agent] [ ]

PROVISIONS RELATING TO DISSOLUTION

17.	Early Dissolution (Trustee Call):	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. For Shari'a reasons, Early Dissolution (Trustee Call) and Certificateholder Put Right cannot both be specified as applicable for a particular Series*)
(a)	Early Dissolution Amount (Trustee Call):	[[ ] per Calculation Amount]

	(b) Early Dissolution Date (Trustee Call):	[ ] (*N.B. If the Floating Periodic Distribution Provisions are applicable, the Optional Dissolution Date must be a Periodic Distribution Date*)
18.	Certificateholder Put Right:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph. N.B. For Shari'a reasons, Certificateholder Put Right and Early Dissolution (Trustee Call) cannot both be specified as applicable for a particular Series*)
	(a) Certificateholder Put Right Dissolution Amount:	[[ ] per Calculation Amount]
	(b) Certificateholder Put Right Date(s):	[ ]
	(c) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
19.	Change of Control Dissolution Amount:	[[ ] per Calculation Amount]
20.	Tangibility Event Put Right Dissolution Amount:	[[ ] per Calculation Amount]
21.	Final Dissolution Amount:	[[ ] per Calculation Amount] [*Note: this must be par*]
22.	Early Dissolution Amount (Tax):	[[ ] per Calculation Amount] [*Note: this must be par*]
23.	Clean Up Dissolution Amount:	[[ ] per Calculation Amount] [*Note: this must be par*]
24.	Dissolution Amount pursuant to Condition 15:	[[ ] per Calculation Amount] [*Note: this must be par*]
25.	Total Loss Dissolution Amount:	[[ ] per Calculation Amount [*Note: this must be par*]] (together with any other amount payable following a Total Loss Event pursuant to the Service Agency Agreement)

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

26.	Form of Certificates:	Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
27.	Additional Financial Centres:	[ ] [Not Applicable] (*Note that this paragraph relates to the place of payment and not Return Accumulation Period end dates, to which sub-paragraph 16(d) relates*)

PROVISIONS RELATING TO THE TRUST ASSETS

28.	Series:	
	(a) Ijara Percentage:	[ ] per cent.
	(b) Murabaha Percentage:	[ ] per cent.

29.	Details of Transaction Account:	Dar Al-Arkan Sukuk Company Ltd. Transaction Account No: [ ]

RESPONSIBILITY

Each of the Trustee and Dar Al-Arkan accepts responsibility for the information contained in these Final Terms.

Signed on behalf of

DAR AL-ARKAN SUKUK COMPANY LTD.

By: _____

Duly authorised

Signed on behalf of

DAR AL-ARKAN REAL ESTATE DEVELOPMENT COMPANY

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and admission to trading:	[Application [[has been]/[will be]] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [the London Stock Exchange's main market and to be listed on the Official List of the Financial Conduct Authority'] with effect from [ ].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

Ratings:	[The Certificates to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].] [Each of [*insert the legal name of the relevant credit rating agency entity(ies)*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]/[Each of [*insert the legal name of the relevant credit rating agency entity(ies)*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**).]

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):	[ ]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Series of Exempt Certificates, whatever the denomination of those Certificates, issued under the Programme.

[MIFID II/UK MIFIR product governance / target market – [*appropriate target market legend to be included*]]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore**, as amended or modified from time to time (the ***SFA***) - [*Notice to be included if classification of the Certificates is not "prescribed capital markets products", pursuant to Section 309B of the SFA*].]

THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER REVIEWED NOR APPROVED ANY INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT AND ANY CERTIFICATES ISSUED PURSUANT TO THIS PRICING SUPPLEMENT ARE NOT COMPLIANT WITH THE UK PROSPECTUS REGULATION.

[*Date*]

Dar Al-Arkan Sukuk Company Ltd.

Legal Entity Identifier (LEI): 5493000UYHRBXEIYUQ69

Issue of [*Aggregate Face Amount of Series*] [*Title of Certificates*]
under the
U.S.$2,500,000,000
Trust Certificate Issuance Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 5 July 2023 [and the supplement dated [●]] ([together,] the **Base Prospectus**). This document constitutes the Pricing Supplement of the Certificates described herein and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. Certificates that are the subject of this Pricing Supplement are not compliant with the UK Prospectus Regulation. As such, the FCA has neither reviewed nor approved any information contained in this Pricing Supplement.

Full information on the Trustee and Dar Al-Arkan Real Estate Development Company and the offer of the Certificates described herein is only available on the basis of a combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus and this Pricing Supplement are available for viewing during normal business hours at the registered officers of the Trustee at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement*.]

[*If the Certificates have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Trustee:	Dar Al-Arkan Sukuk Company Ltd.
2.	Dar Al-Arkan:	Dar Al-Arkan Real Estate Development Company
3.	Series Number:	[ ]
4.	Specified Currency:	[ ]
5.	Aggregate Face Amount of Series:	[ ]

6.	Issue Price:	[ ] per cent. of the Aggregate Face Amount
7.	(a) Specified Denominations: (*this means the minimum integral face amount in which transfers can be made*)	[ ] (*N.B. Certificates must have a minimum denomination of €100,000 (or equivalent).)*
	(b) Calculation Amount (in relation to the calculation of the Periodic Distribution Amount whilst the Certificates are in global form, see the Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
8.	(a) Issue Date:	[ ]
	(b) Return Accrual Commencement Date:	[Issue Date][*specify other date*]
9.	Scheduled Dissolution Date:	[*Specify date or (for Floating Periodic Distribution Certificates) Periodic Distribution Date falling in or nearest to the relevant month and year.*]
10.	Periodic Distribution Amount Basis:	[[ ] per cent. Fixed Periodic Distribution Amount] [[ ] month [EURIBOR/SAIBOR]] +/- [ ] per cent. Floating Periodic Distribution Amount] (see paragraph [15] [16] below)
11.	Dissolution Basis:	Dissolution at par
12.	Change of Periodic Distribution Basis:	[*Specify the date when any Fixed to Floating Distribution Amount Basis change occurs. Cross refer to paragraphs* 15 *and* 16 *below and identify there.*] [Not Applicable]
13.	Put/Call Rights:	[Not Applicable] [Certificateholder Put Right] [Early Dissolution (Trustee Call)] (see paragraph [17] [18] below)
14.	Status:	Unsubordinated

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

15.	Fixed Periodic Distribution Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Rate[s]:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(b) Periodic Distribution Date(s):	[[ ] in each year up to and including the Scheduled Dissolution Date]
	(c) Fixed Amount(s):	[ ] per Calculation Amount
	(d) Broken Amount(s):	[[ ] per Calculation Amount, payable on the Periodic Distribution Date falling [in/on] [ ]] [Not Applicable]

(*Insert particulars of any initial or final broken Periodic Distribution Amounts which do not correspond with the Fixed Amount(s) specified under paragraph 15(c)*)

(e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]

(f) Determination Date(s): [[ ] in each year][Not Applicable]

(*Insert regular periodic distribution dates, ignoring issue date or scheduled dissolution date in the case of a long or short first or last return accumulation period*

N.B. This will need to be amended in the case of regular periodic distribution dates which are not of equal duration

N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))

16. Floating Periodic Distribution Provisions: [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(a) Specified Periodic Distribution Dates: [[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (c) below, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]][Not Applicable]

(*Specified Period and Specified Periodic Distribution Dates are alternatives. If the Business Day Convention is the Floating Rate Convention, insert "Not Applicable"*)

(b) Specified Period: [[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (c) below /, not subject to adjustment, as the Business Day Convention in (c) below is specified to be Not Applicable]][Not Applicable]

(*Specified Period and Specified Periodic Distribution Dates are alternatives. A Specified Period, rather than Specified Periodic Distribution Dates, will only be relevant if the Business Day Convention is the Floating Rate Convention. Otherwise, insert "Not Applicable"*)

(c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]

(d) Additional Business Centre(s): [ ] [Not Applicable]

(e) Manner in which the Rate(s) is/are to be determined: [Screen Rate Determination (Condition 8.3) applies]

(f) Screen Rate Determination: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub paragraphs of this paragraph)

(i) Reference Rate: [ ] month [EURIBOR/SAIBOR]

(ii) Periodic Distribution Determination Date: [ ]

(*The second day on which T2 is open prior to the start of each Return Accumulation Period if EURIBOR and second Riyadh business day prior to the start of each Return Accumulation Period if SAIBOR*)

(iii) Relevant Screen Page: [ ]

(*In the case of EURIBOR, if not Reuters EURIBOR01, or, in the case of SAIBOR, if not Reuters Screen SUAA Page across from the caption "AVG", ensure it is a page which shows a composite rate*)

(g) Margin: [+/-][ ] per cent. per annum

(h) Linear Interpolation: [Not Applicable/Applicable - the Rate for the [long/short] [first/last] Return Accumulation Period shall be calculated using Linear Interpolation (*specify for each short or long return accumulation period*)]

(i) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]

[Actual/365 (Fixed)]

[Actual/365 (Sterling)]

[Actual/360]

[30/360][360/360][Bond Basis]

[30E/360][Eurobond Basis]

[30E/360 (ISDA)]

(j) Calculation Agent: [Principal Paying Agent] [ ]

PROVISIONS RELATING TO DISSOLUTION

17. Early Dissolution (Trustee Call): [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub paragraphs of this paragraph. N.B. For Shari'a reasons, Early Dissolution (Trustee Call) and Certificateholder Put Right cannot both be specified as applicable for a particular Series*)

(a) Early Dissolution Amount (Trustee Call): [[ ] per Calculation Amount]

(b) Early Dissolution Date (Trustee Call): [ ]

(*N.B. If the Floating Periodic Distribution Provisions are applicable, the Optional Dissolution Date must be a Periodic Distribution Date*)

18. Certificateholder Put Right: [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph. N.B. For Shari'a reasons, Certificateholder Put Right and Early Dissolution*

		(Trustee Call) cannot both be specified as applicable for a particular Series)
	(a) Certificateholder Put Right Dissolution Amount:	[[ ] per Calculation Amount]
	(b) Certificateholder Put Right Date(s):	[ ]
	(c) Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
19.	Change of Control Dissolution Amount:	[[ ] per Calculation Amount]
20.	Tangibility Event Put Right Dissolution Amount:	[[ ] per Calculation Amount]
21.	Final Dissolution Amount:	[[ ] per Calculation Amount] [*Note: this must be par*]
22.	Early Dissolution Amount (Tax):	[[ ] per Calculation Amount] [*Note: this must be par*]
23.	Clean Up Dissolution Amount:	[[ ] per Calculation Amount] [*Note: this must be par*]
24.	Dissolution Amount pursuant to Condition 15:	[[ ] per Calculation Amount] [*Note: this must be par*]
25.	Total Loss Dissolution Amount:	[[ ] per Calculation Amount [*Note: this must be par*]] (together with any other amount payable following a Total Loss Event pursuant to the Service Agency Agreement)

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

26.	Form of Certificates:	Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Global Certificate
27.	Additional Financial Centres:	[ ] [Not Applicable] (*Note that this paragraph relates to the place of payment and not Return Accumulation Period end dates, to which sub-paragraph 16(d) relates*)

PROVISIONS RELATING TO THE TRUST ASSETS

28.	Series:	
	(a) Ijara Percentage:	[ ] per cent.
	(b) Murabaha Percentage:	[ ] per cent.
29.	Details of Transaction Account:	Dar Al-Arkan Sukuk Company Ltd. Transaction Account No: [ ]

RESPONSIBILITY

Each of the Trustee and Dar Al-Arkan accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of

DAR AL-ARKAN SUKUK COMPANY LTD.

By: _____

Duly authorised

Signed on behalf of

DAR AL-ARKAN REAL ESTATE DEVELOPMENT COMPANY

By: _____

Duly authorised

PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

(i)	Listing and admission to trading:	[Application [[has been]/[will be]] made by the Trustee (or on its behalf) for the Certificates to be admitted to trading on [ ] with effect from [ ].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. **RATINGS**

Ratings:	[The Certificates to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].] [Each of [*insert the legal name of the relevant credit rating agency entity(ies)*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).]/[Each of [*insert the legal name of the relevant credit rating agency entity(ies)*] is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK CRA Regulation**).]

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,	[Not Applicable/*give name(s) and number(s)*]

	Luxembourg and the relevant identification 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.

*In the case of a Series of Certificates which will not be admitted to listing or trading on a UK regulated market as defined in Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) and, accordingly, for which no base prospectus is required to be published under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA and the Financial Services and Markets Act 2000 (**Exempt Certificates**), a pricing supplement (a **Pricing Supplement**) will be issued describing the final terms of such Series of Exempt Certificates. Each reference in these terms and conditions to Final Terms shall, in the case of a Series of Exempt Certificates, be read and construed as a reference to such Pricing Supplement unless the context requires otherwise.*

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.$2,500,000,000 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**).

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 5 July 2023 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 5 July 2023 (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 9.1), any additional amounts (other than relating to Periodic Distribution Amounts (as defined in Condition 7.2)) which may be payable under Condition 12, 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 12 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 Transaction Documents (as defined in Condition 23) (i) 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 and/or (ii) may be provided by e-mail to a Certificateholder holding one or more Certificates following its prior written request to the Principal Paying Agent and the provision of evidence satisfactory to the Principal Paying Agent as to its holding of such Certificates and identity. 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 Transaction Documents.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the remaining Transaction Documents.

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders (i) to apply the proceeds of the issue of the Certificates in accordance with the terms of the Transaction Documents; 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 the Trustee, 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.

The payment obligations of Dar Al-Arkan (acting in any capacity) under the Transaction Documents to which it is a party will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 6.7) unsecured obligations of Dar Al-Arkan and shall at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of Dar Al-Arkan, save for such obligations mandatorily preferred by law.

3.2 **Limited Recourse**

The Certificates do not represent an interest in any of the Trustee, Dar Al-Arkan, 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.

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 Trustee, Dar Al-Arkan, 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 Trustee, Dar Al-Arkan, 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, member, officer, agent (including any corporate administrator) or director of the Trustee, Dar Al-Arkan, the Delegate or the Agents, as the case may be, as such by virtue of any customary law, statute or otherwise. The obligations of the Trustee, Dar Al-Arkan, the Delegate and the Agents under these Conditions or any Transaction Document are corporate or limited liability obligations of the Trustee, Dar Al-Arkan, the Delegate and the Agents and any and all personal liability of the shareholders, members, officers, agents (including any corporate administrator) or directors of the Trustee, Dar Al-Arkan, the Delegate and the Agents 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 Trustee, Dar Al-Arkan, the Delegate, the Agents or any of their respective shareholders, 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 Dar Al-Arkan (to the extent that it fulfils all of its obligations under the 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 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) the cash proceeds of the issue of the Certificates, pending application thereof in accordance with the terms of the Transaction Documents;

(b) all of the Trustee's rights, title, interest, benefits and entitlements, present and future, in, to and under the Lease Assets;

(c) all of the Trustee's rights, title, interest, benefits and entitlements, 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

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

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, only if payment is made on a Dissolution Date, 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 Dissolution Date; and

(e) fifth, only if payment is made on a Dissolution Date and provided that all amounts required to be paid in respect of the Certificates hereunder have been discharged in full, in payment of any residual amount to Dar Al-Arkan.

5. TRUSTEE 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 *Shari'a* 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 *Shari'a*;

(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. DAR AL-ARKAN COVENANTS

6.1 Limitation on Indebtedness

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, as set out in this Condition 6.1:

(a) Dar Al-Arkan will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that Dar Al-Arkan 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 2025 Sukuk Certificate or 2027 Sukuk Certificate is outstanding) at least 1.75 to 1.0 and (at any time thereafter) at least 1.5 to 1.0.

(b) Notwithstanding Condition 6.1(a), Dar Al-Arkan and the Restricted Subsidiaries will be entitled to Incur any or all of the following Indebtedness:

(i) Indebtedness Incurred by Dar Al-Arkan 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 Condition 6.1(b)(i) and then outstanding does not exceed SAR 2.5 billion. The maximum threshold of SAR 2.5 billion pursuant to this Condition 6.1(b)(i) shall only be applicable with effect from the earlier of (A) the date on which the terms and conditions of each of the 2025 Sukuk Certificates and the 2027 Sukuk Certificates are amended to contain such maximum threshold; and (B) the date on which no 2025 Sukuk Certificate or 2027 Sukuk Certificate is outstanding. Prior to such date, the reference to "SAR 2.5 billion" in this Condition 6.1(b)(i) shall instead be read as "SAR 1.87 billion";

(ii) Indebtedness owed to and held by Dar Al-Arkan 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 Dar Al-Arkan or a Restricted Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the obligor thereon, and (B) if Dar Al-Arkan is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all its obligations under the Transaction Documents to which it is a party;

(iii) Indebtedness outstanding on the Issue Date (other than Indebtedness described in Conditions 6.1(b)(i) or 6.1(b)(ii)) and the incurrence of Indebtedness represented by any obligations of Dar Al-Arkan to make any payments to the Trustee in accordance with the Transaction Documents to which it is a party (to the extent deemed to constitute Indebtedness);

(iv) Indebtedness (**Acquired Indebtedness**) of a Restricted Subsidiary Incurred and outstanding on or prior to the date on which such Subsidiary was acquired by Dar Al-Arkan (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 Dar Al-Arkan); provided, however, that on the date of such acquisition and after giving pro forma effect thereto, Dar Al-Arkan would have been entitled to Incur at least SAR 1.00 of additional Indebtedness pursuant to Condition 6.1(a);

(v) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to Condition 6.1(a) or pursuant to Conditions 6.1(b)(iii) or 6.1(b)(iv) or this Condition 6.1(b)(v);

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

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

(viii) 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;

(ix) Indebtedness arising from agreements of Dar Al-Arkan 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 Dar Al-Arkan 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) Dar Al-Arkan 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 Dar Al-Arkan 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 Condition 6.1(b)(ix)(B));

(x) Indebtedness Incurred by Dar Al-Arkan 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 Dar Al-Arkan 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 Condition 6.1(b)(x) (together with Refinancing thereof) does not exceed an amount equal to 20 per cent. of Total Assets. The maximum threshold of 20 per cent. of Total Assets pursuant to this Condition 6.1(b)(x) shall only be applicable with effect from the earlier of (a) the date on which the terms and conditions of each of the 2025 Sukuk Certificates and the 2027 Sukuk Certificates are amended to contain such maximum threshold; and (b) the date on which no 2025 Sukuk Certificate or 2027 Sukuk Certificate is outstanding. Prior to such date, the reference to "20 per cent. of Total Assets" in this Condition 6.1(b)(x) shall instead be read as "15 per cent. of Total Assets"; and

(xi) Indebtedness of Dar Al-Arkan and the Restricted Subsidiaries in an aggregate principal amount which, when taken together with all other Indebtedness of Dar Al-Arkan and the Restricted Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by Condition 6.1(a) or Conditions 6.1(b)(i) to 6.1(b)(x) (inclusive)) does not exceed SAR 1.0 billion (or the SAR Equivalent thereof). The maximum threshold of SAR 1.0 billion pursuant to this Condition 6.1(b)(xi) shall only be applicable with effect from the earlier of (a) the date on which the terms and conditions of each of the 2025 Sukuk Certificates and the 2027 Sukuk Certificates are amended to contain such maximum threshold; and (b) the date on which no 2025 Sukuk Certificate or 2027 Sukuk Certificate is outstanding. Prior to such date, the reference to "SAR 1.0 billion" in this Condition 6.1(b)(xi) shall instead be read as "SAR 500 million".

(c) Notwithstanding Condition 6.1(b), Dar Al-Arkan will not Incur any Indebtedness pursuant to Condition 6.1(b) if the proceeds thereof are used, directly or indirectly, to Refinance any Subordinated Obligations of Dar Al-Arkan unless such Indebtedness shall be subordinated to the obligations of Dar Al-Arkan under the Transaction Documents to which it is a party to at least the same extent as such Subordinated Obligations.

(d) For purposes of determining compliance with this Condition 6.1:

(i) any Indebtedness outstanding on the Issue Date under the Credit Facilities will be treated as Incurred under Condition 6.1(b)(i);

(ii) 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, Dar Al-Arkan, 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 Conditions; and

(iii) Dar Al-Arkan 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 (A) 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 (B) 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.

6.2 **Limitation on Restricted Payments**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, as set out in this Condition 6.2:

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

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

(ii) Dar Al-Arkan is not entitled to Incur an additional SAR 1.00 of Indebtedness pursuant to Condition 6.1(a); or

(iii) the aggregate amount of such Restricted Payment and all other Restricted Payments since the 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 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 Dar Al-Arkan 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 Issue Date occurs (other than an issuance or sale to a Subsidiary of Dar Al-Arkan and other than an issuance or sale to an employee stock ownership plan or to a trust established by Dar Al-Arkan 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 Dar Al-Arkan 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 Dar Al-Arkan from its shareholders subsequent to the beginning of the fourth fiscal quarter prior to the fiscal quarter during which the Issue Date occurs; plus

(C) the amount by which Indebtedness of Dar Al-Arkan is reduced on Dar Al-Arkan'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 Issue Date occurs of any Indebtedness of Dar Al-Arkan convertible or exchangeable for Capital Stock (other than Disqualified Stock) of Dar Al-Arkan (less the amount of any cash, or the fair value of any other property, distributed by Dar Al-Arkan upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by Dar Al-Arkan or any Restricted Subsidiary from the sale of such Indebtedness (excluding Net Cash Proceeds from sales to a Subsidiary of Dar Al-Arkan or to an employee stock ownership plan or a trust established by Dar Al-Arkan 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 Dar Al-Arkan 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 Dar Al-Arkan or any Restricted Subsidiary, and (y) to the extent such person is an Unrestricted Subsidiary, the portion (proportionate to Dar Al-Arkan'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 Dar Al-Arkan or any Restricted Subsidiary in such person or Unrestricted Subsidiary.

(b) The preceding provisions will not prohibit:

(i) any Restricted Payment made out of the Net Cash Proceeds of the substantially concurrent sale of, or made by exchange for, Capital Stock of Dar Al-Arkan (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary of Dar Al-Arkan or an employee stock ownership plan or to a trust established by Dar Al-Arkan 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 Dar Al-Arkan 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 Dar Al-Arkan 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 Condition 6.2(a)(iii)(B);

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Obligations of Dar Al-Arkan 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 Condition 6.1; 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 Condition 6.2(a)(iii);

(iii) dividends paid within 60 days after the date of declaration thereof if at such date of declaration such dividend would have complied with this Condition 6.2(a)(iii); provided, however, that such dividend shall be included in the calculation of the amount of Restricted Payments under Condition 6.2(a)(iii);

(iv) so long as no Default has occurred and is continuing, the purchase, redemption or other acquisition of shares of Capital Stock of Dar Al-Arkan or any of its Subsidiaries from employees, former employees, directors or former directors of Dar Al-Arkan 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 Condition 6.2(a)(iii);

(v) the declaration or payments of dividends on Disqualified Stock issued pursuant to Condition 6.1; 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 Condition 6.2(a)(iii);

(vi) 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 Condition 6.2(a)(iii);

(vii) 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 Dar Al-Arkan; 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 Condition 6.2(a)(iii);

(viii) 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 Dar Al-Arkan, 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 Certificates to be redeemed on the Change of Control Put Right Date have been redeemed in accordance with these Conditions; 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 Condition 6.2(a)(iii);

(ix) payments of intercompany subordinated Indebtedness, the Incurrence of which was permitted under Condition 6.1(a)(ii); 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 Condition 6.2(a)(iii);

(x) the making of strategic minority Investments in persons that are engaged in a Related Business and made primarily for the commercial benefit of Dar Al-Arkan and the Restricted Subsidiaries (as determined by Dar Al-Arkan in good faith) in an aggregate amount, taken together with all Investments made pursuant to this Condition 6.2(b)(x), 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, Dar Al-Arkan would have been entitled to Incur at least SAR 1.00 of additional Indebtedness pursuant to Condition 6.1(a); provided further, however, that such payments shall be excluded from the calculation of the amount of Restricted Payments under Condition 6.2(a)(iii);

(xi) Restricted Payments in an amount which, when taken together with all Restricted Payments made pursuant to this Condition 6.2(b)(xi), 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 Condition 6.2(a)(iii);

(xii) the declaration or payment of dividends by Dar Al-Arkan to holders of its ordinary shares, par value of SAR 10 each, listed on the Saudi Exchange (Tadawul) under the symbol 4300, in an aggregate amount, taken together with all other payments of dividends made pursuant to this Condition 6.2(b)(xii), 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 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 Dar Al-Arkan is entitled to Incur an additional SAR 1.00 of Indebtedness pursuant to Condition 6.1(a); provided further, however, such dividends shall be excluded from the calculation of Restricted Payments under Condition 6.2(a)(iii); or

(xiii) the repurchase by Dar Al-Arkan of Capital Stock of Dar Al-Arkan held by any person, where the consideration provided by Dar Al-Arkan for such repurchase consists solely of shares of Capital Stock of a person that, immediately prior to such Restricted Payment, is a Subsidiary of Dar Al-Arkan; provided, however, that (A) the Capital Stock acquired by Dar Al-Arkan as a result of such Restricted Payment is not redeemed or cancelled by Dar Al-Arkan prior to the Stated Maturity of the 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 Condition 6.2(a)(iii).

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

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it 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 (A) pay dividends or make any other distributions on its Capital Stock to Dar Al-Arkan or a Restricted Subsidiary or pay any Indebtedness owed to Dar Al-Arkan or a Restricted Subsidiary, (B) make any loans or advances to Dar Al-Arkan or a Restricted Subsidiary or (C) transfer any of its property or assets to Dar Al-Arkan or a Restricted Subsidiary, except:

(a) with respect to (A), (B) and (C):

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

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

(iii) any encumbrance or restriction pursuant to an agreement effecting a Refinancing of Indebtedness Incurred pursuant to an agreement referred to in Conditions 6.3(a)(i) or 6.3(a)(ii) or this Condition 6.3(a)(iii) or contained in any amendment to an agreement referred to in Conditions 6.3(a)(i) or 6.3(a)(ii) or this Condition 6.3(a)(iii); 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;

(iv) 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;

(v) any encumbrance or restriction contained in the terms of any Indebtedness permitted to be Incurred pursuant to Condition 6.1 or any agreement pursuant to which such Indebtedness was issued if (A) 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) Dar Al-

Arkan 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 Dar Al-Arkan's ability to satisfy its payment obligations under the Transaction Documents to which it is a party and any other Indebtedness that is an obligation of Dar Al-Arkan, and (B) 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 Dar Al-Arkan in good faith);

(vi) Liens permitted to be incurred under Condition 6.7 that limit the right of the debtor to dispose of assets subject to such Liens;

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

(viii) 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 Conditions 6.3(a)(i) to 6.3(a)(vii) (inclusive); 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 Dar Al-Arkan, 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 (C) only:

(i) 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

(ii) 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.

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

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it will not, and will not permit any Restricted Subsidiary to, directly or indirectly, consummate any Asset Disposition unless:

(a) Dar Al-Arkan 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

(b) at least 75 per cent. of the consideration thereof received by Dar Al-Arkan 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) (inclusive).

6.5 **Limitation on Affiliate Transactions**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, as set out in this Condition 6.5:

(a) Dar Al-Arkan 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 Dar Al-Arkan or any of its Restricted Subsidiaries (an **Affiliate Transaction**) unless:

(i) the terms of the Affiliate Transaction are no less favourable to Dar Al-Arkan 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 Dar Al-Arkan or any of its Restricted Subsidiaries;

(ii) 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 Dar Al-Arkan disinterested with respect to such Affiliate Transaction have determined in good faith that the criteria set forth in Condition 6.5(a)(i) are satisfied and have approved the relevant Affiliate Transaction as evidenced by a resolution of the Board of Directors; and

(iii) 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 Dar Al-Arkan and its Restricted Subsidiaries or is not less favourable to Dar Al-Arkan 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 Condition 6.5(a) will not prohibit:

(i) any Permitted Investment other than paragraphs (a) (in respect of the making of an Investment that causes such person to become a Restricted Subsidiary), (b) and (m) of such defined term;

(ii) Restricted Payments (other than any Restricted Payments made pursuant to Conditions 6.2(b)(x) and 6.2(b)(xi) that do not violate the covenant set forth in Condition 6.2;

(iii) 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;

(iv) loans or advances to employees in the ordinary course of business in accordance with the past practices of Dar Al-Arkan or its Restricted Subsidiaries;

(v) the payment of reasonable fees to directors of Dar Al-Arkan and its Restricted Subsidiaries;

(vi) any transaction with Dar Al-Arkan, a Restricted Subsidiary or joint venture or similar entity which would constitute an Affiliate Transaction solely because Dar Al-Arkan 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;

(vii) the issuance or sale of any Capital Stock (other than Disqualified Stock) of Dar Al-Arkan;

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

(ix) transactions between Dar Al-Arkan and any Restricted Subsidiary or between Restricted Subsidiaries; and

(x) arrangements with customers, suppliers, contractors, lessors or sellers of goods or services that are negotiated with an Affiliate, in each case, which are in the ordinary course of business and otherwise in compliance with the terms of the Transaction Documents provided that the terms and conditions of any such transaction or agreement as applicable to Dar Al-Arkan and its Restricted Subsidiaries (a) are fair to Dar Al-Arkan and its Restricted Subsidiaries and are on terms more favourable to Dar Al-Arkan 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 Dar Al-Arkan and any of its Restricted

Subsidiaries in respect of any such arrangements are for its own behalf and in its own name and (c) Dar Al-Arkan 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 Condition 6.5(a)(iii) shall not apply to Affiliate Transactions resulting from a competitive tendering process instituted by Dar Al-Arkan or a Restricted Subsidiary in the ordinary course of business of Dar Al-Arkan or a Restricted Subsidiary resulting in at least three *bona fide* bids by persons who are not Affiliates of Dar Al-Arkan or a Restricted Subsidiary and which Affiliate Transactions are subsequently disclosed as required to the Saudi Exchange (Tadawul) and to Dar Al-Arkan's shareholders at its next annual general assembly.

6.6 **Limitation on Line of Business**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Related Business.

6.7 **Limitation on Liens**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it 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 Issue Date or thereafter acquired, other than Permitted Liens, without effectively providing that the obligations of Dar Al-Arkan pursuant to the Transaction Documents to which it is a party shall be secured for the benefit of the Certificateholders by the creation of a Lien which is the same as the Initial Lien and (a) if such Indebtedness is Senior Indebtedness, equally and rateably with the obligations, or (b) 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 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 Dar Al-Arkan to unconditionally release and discharge their Lien upon the release and discharge of the Initial Lien.

6.8 **Limitation on Sale/Leaseback Transactions**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it will not, and will not permit any Restricted Subsidiary to, enter into any Sale/Leaseback Transaction with respect to any property unless:

(a) Dar Al-Arkan or such Restricted Subsidiary would be entitled to (i) Incur Indebtedness in an amount equal to the Attributable Debt with respect to such Sale/Leaseback Transaction pursuant to Condition 6.1, and (ii) create a Lien on such property securing such Attributable Debt without equally and rateably securing the relevant Certificates pursuant to Condition 6.7; and

(b) the net proceeds received by Dar Al-Arkan 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.

6.9 **Merger and Consolidation**

Dar Al-Arkan covenants that, for so long as any Certificate is outstanding, it 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:

(a) 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, the United Kingdom, Canada, the United States, any state thereof or the District of Columbia and the Successor Company (if not Dar Al-Arkan) shall expressly assume, by a guarantee, executed and delivered to the Trustee and the Delegate, in form satisfactory to Trustee and the Delegate, all the obligations of Dar Al-Arkan under the Transaction Documents to which it is a party;

(b) 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;

(c) 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 Condition 6.1(a), or (ii) the Consolidated Coverage Ratio would be no less than the Consolidated Coverage Ratio immediately prior to such transaction; and

(d) Dar Al-Arkan 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 guarantee (if any) comply with Conditions 6.9(b) and 6.9(c),

provided, however, that Condition 6.9(c) will not be applicable to (x) a Restricted Subsidiary consolidating with, merging into or transferring all or part of its properties and assets to Dar Al-Arkan (so long as no Capital Stock of Dar Al-Arkan is distributed to any person), or (y) Dar Al-Arkan merging with an Affiliate of Dar Al-Arkan solely for the purpose and with the sole effect of reincorporating Dar Al-Arkan in another jurisdiction.

For purposes of this Condition 6.9, 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 Dar Al-Arkan, which properties and assets, if held by Dar Al-Arkan instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of Dar Al-Arkan on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of Dar Al-Arkan.

The Successor Company will be the successor to Dar Al-Arkan and shall succeed to, and be substituted for, and may exercise every right and power of, and be subject to all obligations of, Dar Al-Arkan under the Transaction Documents to which it is a party.

6.10 **Reports**

Dar Al-Arkan covenants, for so long as any Certificate is outstanding, it will furnish to the Certificateholders, the Trustee and the Delegate:

(a) within 120 days after the end of Dar Al-Arkan's fiscal year, annual reports containing audited consolidated balance sheets of Dar Al-Arkan as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of Dar Al-Arkan 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;

(b) within 60 days following the end of the first three fiscal quarters in each fiscal year of Dar Al-Arkan beginning with the quarter ending immediately after the 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;

(c) 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

(d) at the times specified for such information, such information as Dar Al-Arkan 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 Certificateholders of the reports specified above, Dar Al-Arkan shall also (x) use its commercially reasonable efforts to post copies of such reports on such website as may be then maintained by Dar Al-Arkan and its Subsidiaries or a direct or indirect parent of Dar Al-Arkan or (y) to the extent Dar Al-Arkan determined in good faith that it cannot make such reports available in the manner described in (x) above after the use of its commercially reasonable efforts, furnish at its expense such reports to prospective purchasers of the Certificates, upon their request.

6.11 **Changes in Covenants when Certificates are rated Investment Grade**

If the Certificates 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 the Certificates cease to have an Investment Grade rating from either of the Rating Agencies, the following provisions above will not apply to those Certificates: Conditions 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 and 6.8.

Conditions 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 and 6.8 will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such Conditions 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 and 6.8 will not, however, be of any effect with regard to actions of Dar Al-Arkan properly taken during the continuance of the Suspension Event, and Condition 6.2 will be interpreted as if it had been in effect since the Issue Date except that no Dar Al-Arkan Event will be deemed to have occurred solely by reason of a Restricted Payment made while the application of Condition 6.2 was suspended.

To the extent that a Suspension Event occurs and/or ceases pursuant to this Condition 6.11, Dar Al-Arkan will provide, as soon as practicable, a notice to the Trustee and the Delegate to such effect.

7. FIXED PERIODIC DISTRIBUTION PROVISIONS

7.1 **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.

7.2 **Periodic Distribution Amount**

Subject to Condition 4.2 and Condition 9 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 pursuant to the terms of the Transaction Documents, 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 7 or Condition 8; 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.

7.3 **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 definitive 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.

8. FLOATING PERIODIC DISTRIBUTION PROVISIONS

8.1 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.

8.2 **Periodic Distribution Amount**

Subject to Condition 4.2 and 9 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 pursuant to the terms of the Transaction Documents, 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 8.2(b), 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 (unless otherwise stated):

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 T2) specified in the applicable Final Terms;

(b) if T2 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 System or any successor or replacement for that system (**T2**) 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 T2 is open.

8.3 **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 either of 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. (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 (in the case of the Calculation Agent at the relevant time being Deutsche Bank AG, London Branch (or any of its affiliates)), the Trustee and Dar Al-Arkan or (in the case of the Calculation Agent at the relevant time not being Deutsche Bank AG, London Branch (or any of its affiliates)) 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 (i) (where the Reference Rate is EURIBOR) the London or Eurozone interbank market and (ii) (where the Reference Rate is SAIBOR) the Riyadh 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 (in the case of the Calculation Agent at the relevant time being Deutsche Bank AG, London Branch (or any of its affiliates)) the Trustee and Dar Al-Arkan or (in the case of the Calculation Agent at the relevant time not being Deutsche Bank AG, London Branch (or any of its affiliates)) 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 these Conditions:

Reference Banks means (i) (where the Reference Rate is 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 e-mail 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 8.4.

8.4 **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) applicable to the Certificates for any Return Accumulation Period 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 Return Accumulation 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/or, in either case, an Adjustment Spread in accordance with this Condition 8.4 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/or, 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 8.4 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 Return Accumulation Periods in respect of such Certificates (subject to the subsequent operation of, and to adjustment as provided in, this Condition 8.4. 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) provided however, if 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) fails to determine the Adjustment Spread in accordance with this Condition 8.4 prior to the relevant Periodic Distribution Determination Date then the Successor Rate or Alternative Reference Rate as determined in accordance with this Condition 8.4 will apply without an Adjustment Spread;

(e) if any Successor Rate, Alternative Reference Rate or Adjustment Spread is determined in accordance with this Condition 8.4 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, the Master Trust Deed and/or any other Transaction Document (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 8.4(f): (x) the Trustee (acting on the instructions of Dar Al-Arkan) and 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: (A) 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 (B) 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 8.4); 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 Delegate, the Agents (such notice to be delivered not less than 10 Business Days prior to the date on which such Benchmark Amendments are due to come into effect) and, in accordance with Condition 18, 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) in each case, as determined in accordance with the provisions of this Condition 8.4;

(h) if, following the occurrence of a Benchmark Event and in relation to the determination of the Rate (or the relevant component part 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 8.4(h) shall apply to the relevant immediately following Return Accumulation Period only and any subsequent Return Accumulation Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 8.4; and

(i) the Independent Adviser appointed pursuant to this Condition 8.4 shall act and make all determinations pursuant to this Condition 8.4 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 8.4.

Notwithstanding any other provision of this Condition 8, 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 8, the Calculation Agent shall promptly notify the Trustee and Dar Al-Arkan thereof and the Trustee, following consultation with the Independent Adviser (if appointed), 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 the Trustee and 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.

In these Conditions:

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 8.4, 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 and of a comparable duration to the relevant Return Accumulation Period 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 as a result of such benchmark ceasing to be calculated or administered or ceasing to exist for at least five Business Days; or (ii) a public statement by the administrator of the relevant Reference Rate that it has ceased or that it will, by a specified future date, 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 by a specified future date, 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 by a specified future date, the relevant Reference Rate will be prohibited from being used either generally, or in respect of the Certificates; or (v) a public statement by the supervisor of the administrator of the relevant Reference Rate that, in the view of such supervisor, such Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of an underlying market; or (vi) 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 where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) and (v) above and the relevant specified future date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such specified future date;

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) or Dar Al-Arkan, as applicable, determines is a successor to or replacement of the relevant Reference Rate which is formally recommended by any Relevant Nominating Body.

8.5 **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Rate for such Return Accumulation 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 Return Accumulation 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 Return Accumulation 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.

8.6 **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.

8.7 **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 18. 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.

8.8 **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.

8.9 **Calculation Agent**

Notwithstanding any other provision of this Condition 8, 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 8, 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.

9. PAYMENT

9.1 **Payments in respect of the Certificates**

Subject to Condition 9.2, 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.

In these Conditions:

(a) **Dissolution Amount** means, as appropriate, the Final Dissolution Amount, the Early Dissolution Amount (Tax), the Early Dissolution Amount (Trustee Call), the Certificateholder Put Right Dissolution Amount, the Change of Control Put Right Dissolution Amount, the Tangibility Event Put Right Dissolution Amount, the Clean Up Dissolution Amount, the Total Loss Dissolution Amount, the Dissolution Amount for the purposes of Condition 15 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.

9.2 **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 12, 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 12) any law implementing an intergovernmental approach thereto.

9.3 **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.

9.4 **Cessation of Profit Entitlement**

No further amounts will be payable on any Certificate from and including (a) the Dissolution Date (excluding a Total Loss Dissolution Date), unless default is made in the payment of the Dissolution Amount and provided that a Sale Agreement has not been entered into in accordance with the terms of the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be, in which case Periodic Distribution Amounts will continue to accrue in respect of the Certificates in the manner provided in these Conditions to the earlier of: (i) the Relevant Date; or (ii) the date on which a Sale Agreement is executed pursuant to the Purchase Undertaking or the Sale and Substitution Undertaking, as the case may be; and (b) the date on which a Total Loss Event occurs provided that the Lease Assets have not been replaced in accordance with the Service Agency Agreement.

10. AGENTS

10.1 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.

10.2 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 18.

11. CAPITAL DISTRIBUTIONS OF THE TRUST

11.1 Scheduled Dissolution

Unless the Certificates are previously redeemed, or purchased and cancelled, in full, the Trustee shall redeem the Certificate on the Scheduled Dissolution Date at the Final Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts. 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.

11.2 Early Dissolution for Tax Reasons

The Trustee shall, upon receipt of a duly completed Exercise Notice from Dar Al-Arkan in accordance with the Sale and Substitution Undertaking, redeem the Certificates 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 18 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the relevant Early Tax Dissolution Date), 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 12; or

(ii) 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 any Transaction Documents as a result of Dar Al-Arkan having been required to withhold or deduct any taxes in respect of any payment by it pursuant to the relevant Transaction Document to or to the order of the Trustee (at a rate in excess of five per cent. of the gross amounts payable under the relevant Transaction Document),

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 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) above, Dar Al-Arkan would be obliged to pay such additional amounts were a payment to or to the order of the Trustee pursuant to the relevant Transaction Document then due, as the case may be.

Prior to the publication of any notice of redemption pursuant to Condition 11.2, the Trustee shall deliver to the Delegate: (i) (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, or (in the case of (ii) above) a certificate signed by two duly authorised officers of Dar Al-Arkan stating that the obligation referred to in (ii) has arisen, and in each case stating that the obligation cannot be avoided by the Trustee 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 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 11.2, 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.

11.3 **Dissolution at the Option of the Trustee**

If Early Dissolution (Trustee Call) is specified in the applicable Final Terms as being applicable, the Trustee shall, upon receipt of a duly completed Exercise Notice from Dar Al-Arkan in accordance with the Sale and Substitution Undertaking, redeem the Certificates 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 giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (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.

Early Dissolution (Trustee Call) and Certificateholder Put Right may not both be specified as applicable in the applicable Final Terms.

11.4 **Dissolution at the Option of Certificateholders**

If Certificateholder Put Right is specified in the applicable Final Terms as being applicable, the Trustee shall, at the option of any Certificateholder, upon such holder giving to the Trustee not less than the minimum period of notice nor more than the maximum period of notice specified in the applicable Final

Terms, upon the expiry of such notice, redeem such Certificates on the Certificateholder Put Right Date at the relevant Certificateholder Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 11.4, upon payment in full of the relevant Certificateholder Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution 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.

To exercise the right in this Condition 11.4 the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Principal Paying Agent at any time during normal business hours of the Principal Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a **Certificateholder Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 11.4 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right in this Condition 11.4 a holder must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the Certificates are represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Certificateholder Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 11.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 15, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.4.

Certificateholder Put Right and Early Dissolution (Trustee Call) may not both be specified as applicable in the applicable Final Terms.

11.5 **Dissolution at the Option of Certificateholders following a Change of Control**

The Trustee shall, upon receipt of a written notice from Dar Al-Arkan, or otherwise upon having actual knowledge, of the occurrence of a Change of Control, promptly give notice (a **Change of Control Notice**) of the occurrence of a Change of Control to the Delegate and the Certificateholders in accordance with Condition 18. Upon receipt of the Change of Control Notice, Certificateholders may elect within the Change of Control Put Right Period for all or any of their Certificates to be redeemed.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 11.5, the Trustee shall redeem such Certificates on the relevant Change of Control Put Right Date at the Change of Control Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts. If all (and not some only) of the Certificates are to be redeemed on any Change of Control Put Right Date in accordance with this Condition 11.5, upon payment in full of the relevant Change of Control Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution 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.

To exercise the right in this Condition 11.5 the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Principal Paying Agent at any time during normal business hours of the Principal Paying Agent falling

within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a **Change of Control Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 11.5 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right in this Condition 11.4 a holder must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the Certificates are represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Change of Control Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 11.4 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 15, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.5.

In these Conditions:

Change of Control means:

(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 Dar Al-Arkan; 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 paragraph (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 paragraph (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 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 Dar Al-Arkan was approved by a vote of a majority of the directors of Dar Al-Arkan then still in office who were either directors on the 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 Dar Al-Arkan; or

(d) the merger or consolidation of Dar Al-Arkan with or into another person or the merger of another person with or into Dar Al-Arkan, or the sale of all or substantially all the assets of Dar Al-Arkan (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 Dar Al-Arkan 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 under the Transaction Documents to which Dar Al-Arkan is a party and a Subsidiary of the transferor of such assets;

Change of Control Put Right Date shall be the tenth Business Day after the expiry of the Change of Control Put Right Period; and

Change of Control Put Right Period means the period from (and including) the date of the Change of Control Put Notice to (but excluding) the 60th day following the date of the Change of Control Put Notice.

11.6 **Dissolution at the Option of Certificateholders following a Tangibility Event**

The Trustee shall, upon receipt of a Tangibility Event Trustee Notice from Dar Al-Arkan in accordance with the Service Agency Agreement, promptly give notice (a **Tangibility Event Notice**) to the Delegate and the Certificateholders in accordance with Condition 18, specifying:

(a) that a Tangibility Event has occurred, together with an explanation of the reasons for, and evidence of, such occurrence;

(b) that, as determined in consultation with the *Shari'a* Adviser, the Certificates should be tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis);

(c) that, on the date falling 15 days following the Tangibility Event Put Right Date, the Certificates will be delisted from any stock exchange (if any) on which the Certificates are admitted to listing or, if such date is not a business day, the next following business day (**business day** being, for this purpose. a day on which the stock exchange on which the Certificates are admitted to listing is open for business); and

(d) the Tangibility Event Put Period, during which period any Certificateholder shall have the right to require the redemption of all or any of its Certificates.

Upon receipt of the Tangibility Event Notice, Certificateholders may elect, within the Tangibility Event Put Right Period, for all or any of their Certificates to be redeemed.

If any Certificateholders elect to redeem their Certificates, in whole or in part, in accordance with this Condition 11.6, the Trustee shall redeem such Certificates on the Tangibility Event Put Right Date at the relevant Tangibility Event Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Put Right Date in accordance with this Condition 11.6, upon payment in full of the relevant Tangibility Event Put Right Dissolution Amount together with any accrued but unpaid Periodic Distribution 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.

To exercise the right in this Condition 11.6 the relevant holder must, if such Certificates are in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of the Principal Paying Agent at any time during normal business hours of the Principal Paying Agent falling within the Tangibility Event Put Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of the Principal Paying Agent (a **Tangibility Event Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition 11.6 and the face amount thereof to be redeemed and, if less than the full amount of the Certificates so surrendered is to be redeemed, an address to which a new Certificate in respect of the balance of such Certificate is to be sent subject to and in accordance with the provisions of Condition 2.2.

If the Certificates are represented by a Global Certificate or are in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right in this Condition 11.6 a holder must, within the Tangibility Event Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on such Certificateholder's instruction by Euroclear, Clearstream, Luxembourg or any

depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and if the Certificates are represented by a Global Certificate, at the same time present or procure the presentation of the relevant Global Certificate to the Principal Paying Agent for notation accordingly.

Any Tangibility Event Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Certificate pursuant to this Condition 11.6 shall be irrevocable except where, prior to the due date of redemption, a Dissolution Event has occurred and the Delegate has declared the Certificates to be redeemed pursuant to Condition 15, in which event such holder, at its option, may elect by notice to the Trustee to withdraw the notice given pursuant to this Condition 11.6.

In these Conditions:

a **Tangibility Event** means if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls below 33 per cent.;

Tangibility Event Put Right Date means the first Business Day falling 75 days following the expiry of the Tangibility Event Put Period;

Tangibility Event Put Period means a period of 30 days commencing on the date that a Tangibility Event Notice is given;

Tangibility Event Trustee Notice has the meaning given to it in the Service Agency Agreement; and

Tangible Asset Ratio has the meaning given to it in the Service Agency Agreement.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such *Shari'a* principles of debt trading referred to in (ii) above nor shall it be liable to any Certificateholder or any other person in respect thereof.

11.7 **Dissolution for Clean Up Reasons**

If 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to this Condition 11 and/or Condition 14, as the case may be, the Trustee shall, upon receipt of a duly completed Exercise Notice from Dar Al-Arkan in accordance with the Sale and Substitution Undertaking, redeem the Certificates in whole, but not in part, on the date specified in such notice (such date, the **Clean Up Dissolution Date**), which must be a Periodic Distribution Date if the Floating Periodic Distribution Provisions are specified in the applicable Final Terms, at the relevant Clean Up Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts on giving not less than 30 nor more than 60 days' notice to the Certificateholders in accordance with Condition 18 (which notice shall be irrevocable and shall oblige the Trustee to redeem the Certificates on the relevant Clean Up Dissolution Date). 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.

11.8 **Dissolution following a Total Loss Event**

The Trustee shall, upon receipt of a written notice from Dar Al-Arkan, or otherwise upon having actual knowledge, of the occurrence of a Total Loss Event, redeem the Certificates in whole, but not in part, provided that the Lease Assets have not been replaced in accordance with the Service Agency Agreement, on the Total Loss Dissolution Date by no later than the close of business in London on the 61st day after the occurrence of the Total Loss Event (a **Total Loss Dissolution Date**) at the relevant Total Loss Dissolution Amount together with any accrued but unpaid Periodic Distribution Amounts.

Following the occurrence of a Total Loss Event, the Service Agent shall promptly notify the Trustee and the Delegate of the same and the Trustee shall promptly notify Certificateholders (the **Trading Notice**) (a) of the occurrence of the Total Loss Event; and (b) from the date of the Trading Notice and until any further notice from the Trustee, in consultation with the *Shari'a* Adviser, the Certificates should be

tradable only in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

In these Conditions, **Total Loss Event** means the total loss or destruction of, or damage to, the whole of the Lease Assets or any event or occurrence that renders the whole of the Lease Assets permanently unfit for any economic use and (but only after taking into consideration any Insurances or other indemnity granted by any third party in respect of the Lease Assets) the repair or remedial work in respect thereof is wholly uneconomical.

For the avoidance of doubt, neither the Delegate nor any Agent will have any responsibility for monitoring or ensuring compliance with any such *Shari'a* principles of debt trading referred to above nor shall it be liable to any Certificateholder or any other person in respect thereof.

11.9 **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 14 and Condition 15.

11.10 **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 14.2 and accordingly such Certificates may not be held, reissued or resold.

11.11 **Dissolution Date**

In these Conditions, the expression **Dissolution Date** means, as the case may be, (a) the Scheduled Dissolution Date, (b) the Early Tax Dissolution Date, (c) the Early Dissolution Date (Trustee Call), (d) any Certificateholder Put Right Date, (e) any Change of Control Put Right Date, (f) any Tangibility Event Put Right Date, (g) the Total Loss Dissolution Date, or (h) the Dissolution Event Redemption Date.

12. 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.

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 18;

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.

In accordance with the Master Trust Deed, Dar Al-Arkan has unconditionally and irrevocably undertaken to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to this Condition 12, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction for or an account of Taxes) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to this Condition 12.

The Transaction Documents provide that payments thereunder by Dar Al-Arkan shall be made without any withholding or deduction for, or on account of, any taxes unless such withholding or deduction is required by law and, in the event there is any such withholding or deduction required by law in the Kingdom of Saudi Arabia, provide for the payment by Dar Al-Arkan of such additional amounts as will result in the receipt by Trustee of the net amounts as would have been receivable by it if no such withholding or deduction had been made.

13. 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 9.

14. PURCHASE AND CANCELLATION OF CERTIFICATES

14.1 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.

14.2 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. Any Certificates surrendered for cancellation may not be held, reissued or resold by the Trustee.

15. DISSOLUTION EVENTS

15.1 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 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 (or the Delegate in the name of the Trustee) shall deliver an Exercise Notice to Dar Al-Arkan under the Purchase Undertaking and use the proceeds thereof and the aggregate amounts then outstanding payable by Dar Al-Arkan under the Master Murabaha Agreement 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 15.1, all amounts payable in respect of the Certificates (including any amounts calculated as being payable under Condition 7, Condition 8 and Condition 11) shall be

considered due and payable notwithstanding that the Trustee has at the relevant time insufficient funds to pay such amounts.

15.2 **Dar Al-Arkan Events**

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

(a) *Non-Payment*: Dar Al-Arkan fails to pay an amount in the nature of profit or principal payable by it pursuant to any Transaction Document to which it is a party and such default continues for a period of five Business Days; or

(b) *Partial Loss Dissolution Event*: a Partial Loss Dissolution Event occurs; or

(c) *Breach of Merger and Consolidation covenant*: the failure by Dar Al-Arkan to comply with its obligations under Condition 6.9; or

(d) *Breach of other covenants*: the failure by Dar Al-Arkan to comply for 30 days with any of its obligations in Condition 6 (other than as specified in (b) above); or

(e) *Breach of other obligations*: Dar Al-Arkan (acting in any capacity): (i) delivers a notice to the Trustee and the Delegate pursuant to clause 4.1(d) of the Service Agency Agreement; or (ii) defaults in the performance of any other undertaking or agreement under or pursuant to the Transaction Documents to which it is a party or defaults in the observance of any of its other obligations under or in respect of the Transaction Documents to which it is a party (including those set out in clauses 3.2 and 3.3 of the relevant Supplemental Lease Agreement but other than: (i) a default specified in (a), (b) (c) or (d) above; or (ii) its obligations as set out in (A) clause 4.1 of the Service Agency Agreement; and (B) clause 7 of the Service Agency Agreement (save for the delivery of the Tangibility Event Trustee Notice)) 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 60 days after notice of such breach or default addressed to Dar Al-Arkan by the Trustee (or the Delegate acting on behalf of the Trustee) has been delivered to Dar Al-Arkan; or

(f) *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 Dar Al-Arkan or any other Subsidiary and that judgment or order for payment continue(s) unsatisfied and unstayed for a period of 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 30 days); or

(g) *Cross default*: if any of the following events occur: (i) any Indebtedness of Dar Al-Arkan or any Subsidiary is not paid when due nor within any originally applicable grace period; (ii) any Indebtedness of Dar Al-Arkan 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 Dar Al-Arkan or any Subsidiary is cancelled or suspended by a creditor of Dar Al-Arkan 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 (g) 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

(h) *Insolvency*: (i) Dar Al-Arkan 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 Dar Al-Arkan 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 30 days; (iii) Dar Al-Arkan 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) Dar Al-Arkan 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 of the Certificateholders); or

(i) *Winding up*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of Dar Al-Arkan 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 of the Certificateholders); or

(j) *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 (h) or (i) 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 (h) or (i) above; or

(k) *Unlawfulness*: at any time it is or becomes unlawful for Dar Al-Arkan or any 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

(l) *Repudiation*: Dar Al-Arkan or any 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 such Transaction Document; or

(m) *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 Dar Al-Arkan, or any Restricted Subsidiary which, if adversely determined, has or could have a Material Adverse Effect, and is not discharged or stayed within 90 days; or

(n) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by Dar Al-Arkan or any 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

(o) *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 Dar Al-Arkan or any Restricted Subsidiary or any of their material assets.

16. ENFORCEMENT AND EXERCISE OF RIGHTS

16.1 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 15, subject to Condition 16.2 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 Dar Al-Arkan's obligations under the Transaction Documents to which it is a party; 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 16.2, 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 to which they are a party, these Conditions and the Certificates.

16.2 **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 to its satisfaction 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 reasonably considers (without prejudice to any further demand) shall be sufficient to so indemnify it; and

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

16.3 **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 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 Dar Al-Arkan shall be to enforce their respective obligations under the Transaction Documents to which they are party.

16.4 **Limited Recourse**

Conditions 16.1, 16.2 and 16.3 are subject to this Condition 16.4. 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 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 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 (to the extent that it fulfils all of its obligations under the 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.

17. 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.

18. NOTICES

All notices to Certificateholders will be valid if:

(a) published in a leading English language daily newspaper of general circulation in London (which is expected to be the *Financial Times*) approved by the Delegate or, if 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.

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

19.1 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.

19.2 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 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 15), which in any such case is not, in the opinion of the Delegate, materially prejudicial to the interests of the 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.

19.3 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 each of the Trustee 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 to the extent already provided for in Condition 12 and or any undertaking given in addition thereto or in substitution therefor under the Trust Deed by the Trustee or Dar Al-Arkan.

19.4 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 18.

20. INDEMNIFICATION AND LIABILITY OF THE DELEGATE AND THE TRUSTEE

20.1 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.

20.2 Neither the Delegate nor the Trustee makes any representation or assumes any responsibility for the validity 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.

20.3 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.

20.4 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.

21. 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.

22. GOVERNING LAW AND DISPUTE RESOLUTION

22.1 The Trust Deed, the Certificates and these Conditions (including the remaining provisions of this Condition 22) 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.

22.2 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, claim, difference or controversy regarding as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity or any dispute relating to any non-contractual obligations arising out of or in connection with them) (a **Dispute**) shall be referred to and finally resolved by arbitration under the LCIA Arbitration Rules (the **Rules**), which Rules (as amended from time to time) are incorporated by reference into this Condition 22. For these purposes:

(a) the seat or legal place of arbitration will be London, England;

(b) the language of the arbitration shall be English; and

(c) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions. The parties to the Dispute shall each nominate one arbitrator and both arbitrators in turn shall appoint a further arbitrator who shall be the chairman of the tribunal. In cases where there are multiple claimants and/or multiple respondents, the class of claimants jointly, and the class of respondents jointly, shall each nominate one arbitrator. If one party or both fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party nominated arbitrators fail to nominate the third arbitrator within 15 days of the appointment of the second arbitrator, such arbitrator shall be appointed by the LCIA.

22.3 Each of the Trustee and Dar Al-Arkan has in the Trust Deed appointed Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London EC2N 4AG as its agent for service of process in England 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 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.

23. DEFINITIONS

In these Conditions:

2025 Sukuk Certificates means any of the U.S.$600,000,000 Certificates due 2025 issued by the Trustee in October 2019.

2027 Sukuk Certificates means any of the U.S.$400,000,000 Certificates due 2027 issued by the Trustee in February 2020.

Acquired Indebtedness has the meaning given to it in Condition 6.1(b)(iv).

Additional Assets means:

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

(b) the Capital Stock of a person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by Dar Al-Arkan or another Restricted Subsidiary; or

(c) 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 paragraphs (b) or (c) above is primarily engaged in a Related Business.

Adjustment Spread has the meaning given to it in Condition 8.4.

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 Conditions 6.2, 6.4 and 6.5 only, **Affiliate** shall also mean any beneficial owner of Capital Stock representing five per cent. or more of the total voting power of the Voting Stock (on a fully diluted basis) of Dar Al-Arkan 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.

Alternative Reference Rate has the meaning given to it in Condition 8.4.

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

Asset Disposition means any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or dispositions) by Dar Al-Arkan 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:

(a) 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 Dar Al-Arkan or a Restricted Subsidiary);

(b) all or substantially all the property or assets of any division or line of business of Dar Al-Arkan or any Restricted Subsidiary; or

(c) any other assets of Dar Al-Arkan or any Restricted Subsidiary outside of the ordinary course of business of Dar Al-Arkan or such Restricted Subsidiary.

Notwithstanding (a), (b) and (c) above, the following shall not be Asset Dispositions:

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

(ii) a disposition by a Restricted Subsidiary to Dar Al-Arkan or by Dar Al-Arkan or a Restricted Subsidiary to a Restricted Subsidiary;

(iii) for purposes of Condition 6.4 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 Condition 6.2;

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

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

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

(vii) an issuance of Capital Stock by a Restricted Subsidiary to Dar Al-Arkan or to another Restricted Subsidiary;

(viii) transactions permitted under Condition 6.9;

(ix) 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

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

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 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 Finance Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Finance Lease Obligation".

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

(a) 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;

(b) the sum of all such payments.

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

Benchmark Amendments has the meaning given to it in Condition 8.4.

Benchmark Event has the meaning given to it in Condition 8.4.

Board of Directors means the Board of Directors of Dar Al-Arkan or any committee thereof duly authorised to act on behalf of such Board**.**

Business Day has the meaning given to it in Condition 8.2 and, for the purposes of the definitions of "Indebtedness", "SAR Equivalent" and "Dar Al-Arkan Event" and Condition 6.1 only, means each day which is not a Legal Holiday.

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.

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 15.1 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 16, 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 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.

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:

(a) if Dar Al-Arkan 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;

(b) if Dar Al-Arkan 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 Dar Al-Arkan 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;

(c) if since the beginning of such period Dar Al-Arkan 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 Dar Al-Arkan or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to Dar Al-Arkan 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 Dar Al-Arkan and its continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(d) if since the beginning of such period Dar Al-Arkan 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

(e) if since the beginning of such period any person (that subsequently became a Restricted Subsidiary or was merged with or into Dar Al-Arkan 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 paragraphs (c) or (d) above if made by Dar Al-Arkan 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 Dar Al-Arkan. 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 Dar Al-Arkan 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 Dar Al-Arkan or its Restricted Subsidiaries, without duplication:

(a) interest expense or other finance costs attributable to Finance Lease Obligations;

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

(c) capitalised interest or other finance costs;

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

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

(f) net payments pursuant to Hedging Obligations;

(g) dividends accrued in respect of all Disqualified Stock of Dar Al-Arkan held by persons other than Dar Al-Arkan or a Wholly Owned Subsidiary (other than dividends payable solely in Capital Stock (other than Disqualified Stock) of Dar Al-Arkan);

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

(i) 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) Dar Al-Arkan or any Restricted Subsidiary; and

(j) 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 Dar Al-Arkan) in connection with Indebtedness Incurred by such plan or trust.

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

(a) any net income (but not the loss) of any person (other than Dar Al-Arkan) if such person is not a Restricted Subsidiary, except that subject to the exclusion contained in paragraph (d) below, Dar Al-Arkan'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 Dar Al-Arkan 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 paragraph (c) below);

(b) any net income (or loss) of any person acquired by Dar Al-Arkan 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;

(c) solely for the purpose of determining the amount available for Restricted Payments under Conditions 6.2(a)(iii) and 6.2(b)(xii), 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 Conditions 6.3(a)(i), 6.3(a)(ii), 6.3(a)(iii), 6.3(a)(v) and 6.3(a)(viii) (to the extent Condition 6.3(a)(viii) refers to Conditions 6.3(a)(i), 6.3(a)(ii), 6.3(a)(iii) or 6.3(a)(v)), to Dar Al-Arkan, except that subject to the exclusion contained in paragraph 4 below, Dar Al-Arkan'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 Dar Al-Arkan 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 paragraph (c));

(d) any gain (or loss) realised upon the sale or other disposition of any assets of Dar Al-Arkan, 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;

(e) extraordinary gains or losses; and

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

in each case, for such period. Notwithstanding the foregoing, for the purposes of Condition 6.2 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 Dar Al-Arkan or a Restricted Subsidiary to the extent such repurchases, repayments, redemptions, proceeds or returns increase the amount of Restricted Payments permitted under Condition 6.2(a)(iii)(D).

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

Corporate Services Agreement means the amended and restated corporate services agreement dated 2 June 2022 and entered into by the Trustee and the Trustee Administrator.

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 Dar Al-Arkan or its Restricted Subsidiaries, together with all related documents thereto (including any Transaction Documents 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 *Shari'a* 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 *Shari'a* 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 *Shari'a* or otherwise.

Current Assets means the aggregate amount of Dar Al-Arkan 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 Dar Al-Arkan 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 15.2.

Day Count Fraction has the meaning given to it in Condition 7.3 or Condition 8.4, as the context so requires.

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.

Determination Period has the meaning given to it in Condition 7.3.

Dispute has the meaning given to it in Condition 22.

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:

(a) 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;

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

(c) 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 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 a Change of Control or the exercise of a put option prior to the first anniversary of the Stated Maturity of the Certificates shall not constitute Disqualified Stock if:

(i) the relevant Asset Disposition, Change of Control or 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 Certificates and contained in Condition 6.4; and

(ii) any such requirement only becomes operative after compliance with such terms applicable to the Certificates.

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.

Dissolution Amount has the meaning given to it in Condition 9.1.

Dissolution Date has the meaning given to it in Condition 11.11.

Dissolution Event means any of the events specified as such in Condition 15.1.

Dissolution Event Redemption Date has the meaning given to it in Condition 15.1.

Dissolution Request has the meaning given to it in Condition 15.1.

Early Tax Dissolution Date has the meaning given to it in Condition 11.2.

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

(a) all imputed tax expense relating to income or profits (excluding implied property tax, social tax and value-added tax) of Dar Al-Arkan and its consolidated Restricted Subsidiaries;

(b) Consolidated Finance Cost;

(c) depreciation and amortisation expense of Dar Al-Arkan and its consolidated Restricted Subsidiaries (excluding amortisation expense attributable to a prepaid item that was paid in cash in a prior period); and

(d) all other non-cash charges of Dar Al-Arkan 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 Dar Al-Arkan and its consolidated Restricted Subsidiaries (other than accruals of revenue by Dar Al-Arkan 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 Dar Al-Arkan 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.

Euroclear has the meaning given to it in Condition 1.1.

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

Exercise Notice has the meaning given to it in the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires;

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

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

Extraordinary Resolution has the meaning given to it in Condition 19.1.

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.

Finance Lease Obligation means an obligation that is required to be classified and accounted for as a finance lease for financial reporting purposes in accordance with IFRS as endorsed in the KSA, and the amount of Indebtedness represented by such obligation shall be the capitalised amount of such obligation determined in accordance with IFRS as endorsed in the KSA; 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 the purposes of Condition 6.7, a Finance Lease Obligation will be deemed to be secured by a Lien on the property being leased.

Financial Stability Board has the meaning given to it in Condition 8.4.

Financial Statements means Dar Al-Arkan's audited financial statements for the three most recent financial years preceding the Issue Date.

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

holder has the meaning given to it in Condition 1.1.

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

IFRS as endorsed in the KSA means IFRS and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants.

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 Condition 6.1:

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

(b) 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

(c) 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):

(a) 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;

(b) all Finance Lease Obligations of such person and all Attributable Debt in respect of Sale/Leaseback Transactions entered into by such person;

(c) 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);

(d) the amount of all payment obligations under any other transaction (including any *Shari'a* 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;

(e) 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 paragraphs (a) to (c) (inclusive) 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);

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

(g) all obligations of the type referred to in paragraphs (a) to (f) (inclusive) above 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;

(h) all obligations of the type referred to in paragraphs (a) to (g) (inclusive) above 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

(i) 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 Dar Al-Arkan 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 Dar Al-Arkan 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):

(a) any obligation to purchase such Indebtedness;

(b) 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;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness.

Independent Adviser has the meaning given to it in Condition 8.4.

Independent Qualified Party means an investment banking firm, accounting firm or appraisal firm of international standing; provided, however, that such firm is not an Affiliate of Dar Al-Arkan.

Interest Rate Agreement means any interest rate or profit rate swap agreement, interest rate or profit rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates or profit rates whether entered into in accordance with the principles of *Shari'a* or otherwise.

Investment in any person means any direct or indirect advance, loan (other than advances to suppliers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender) or other extensions of credit (including by way of guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such person. If Dar Al-Arkan or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a person that is a Restricted Subsidiary such that, after giving effect thereto, such person is no longer a Restricted Subsidiary, any Investment by Dar Al-Arkan or any Restricted Subsidiary in such person remaining after giving effect thereto will be deemed to be a new Investment at such time. The acquisition by Dar Al-Arkan or any Restricted Subsidiary of a person that holds an Investment in a third person will be deemed to be an Investment by Dar Al-Arkan or such Restricted Subsidiary in such third person at such time. Except as otherwise provided for herein, the amount of an Investment shall be its Fair Market Value at the time the Investment is made and without giving effect to subsequent changes in value.

For purposes of the definitions of "Unrestricted Subsidiary" and "Restricted Payment" and Condition 6.2:

(a) **Investment** shall include the portion (proportionate to Dar Al-Arkan's equity interest in such Subsidiary) of the Fair Market Value of the net assets of any Subsidiary of Dar Al-Arkan at the time that such Subsidiary is designated an Unrestricted Subsidiary; provided, however, that

upon a redesignation of such Subsidiary as a Restricted Subsidiary, Dar Al-Arkan shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary equal to an amount (if positive) equal to (A) Dar Al-Arkan's "Investment" in such Subsidiary at the time of such redesignation less (B) the portion (proportionate to Dar Al-Arkan's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Subsidiary at the time of such redesignation; and

(b) any property transferred to or from an Unrestricted Subsidiary shall be valued at its Fair Market Value at the time of such transfer, in each case as determined in good faith by the Board of Directors.

Investment Grade means a rating of "AAA", "AA", "A" or "BBB" as modified by a "+" or "–" indication or an equivalent rating representing one of the four highest rating categories by S&P or any of its successors or assigns or a rating of "Aaa" or "Aa", "A" or "Baa" as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody's or any of its successors or assigns or the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by Dar Al-Arkan as having been substituted for S&P or Moody's or both, as the case may be.

LCIA means the London Court of International Arbitration.

Lease Agreement means the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement, as the same may be replaced from time to time in accordance with the provisions of the Master Lease Agreement;

Lease Assets has the meaning given to it in the Master Lease Agreement.

Legal Holiday means a Saturday, a Sunday or a day on which banking institutions are not required to be open in London and the principal financial centre of the Specified Currency of the Certificates.

Lessee means Dar Al-Arkan in its capacity as lessee under the Lease Agreement.

Lessor means the Trustee in its capacity as lessor under the Lease Agreement.

Liability means any actual loss (excluding opportunity costs), actual damage, fee, actual cost (excluding cost of funding), 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.

Lien means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

Loss Event means a Partial Loss Event and/or a Total Loss Event, as the context so requires.

Master Lease Agreement means the master lease agreement dated 7 June 2022 between the Trustee, Dar Al-Arkan and the Delegate.

Master Murabaha Agreement means the amended and restated master murabaha agreement dated 5 July 2023 between the Trustee, Dar Al-Arkan and the Delegate.

Master Purchase Agreement means the master purchase agreement dated 7 June 2022 between the Trustee and Dar Al-Arkan.

Material Adverse Effect means a material adverse effect on or a material adverse change in:

(a) the business, operations, property, condition (financial or otherwise) or prospects of Dar Al-Arkan or any of its Subsidiaries;

(b) the ability of Dar Al-Arkan to perform its obligations under any Transaction Document to which it is party; or

(c) the validity or enforceability of the relevant Transaction Documents or the rights or remedies of Dar Al-Arkan under the Transaction Documents to which it is a party.

Moody's means Moody's Investors Service and its affiliates.

Net Available Cash from an Asset Disposition means cash payments received therefrom (including any cash payments received by way of deferred payment of principal pursuant to a note or instalment receivable or otherwise and proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to such properties or assets or received in any other non-cash form), in each case net of:

(a) all legal, title and recording tax expenses, commissions and other fees and expenses incurred, and all Federal, state, provincial, foreign and local taxes required to be accrued as a liability under IFRS as endorsed in the KSA, as a consequence of such Asset Disposition;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon or other security agreement of any kind with respect to such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders in Restricted Subsidiaries as a result of such Asset Disposition;

(d) the deduction of appropriate amounts provided by the seller as a reserve, in accordance with IFRS as endorsed in the KSA, against any liabilities associated with the property or other assets disposed in such Asset Disposition and retained by Dar Al-Arkan or any Restricted Subsidiary after such Asset Disposition; and

(e) any portion of the purchase price from an Asset Disposition placed in escrow, whether as a reserve for adjustment of the purchase price, for satisfaction of indemnities in respect of such Asset Disposition or otherwise in connection with that Asset Disposition; provided, however, that upon the termination of that escrow, Net Available Cash will be increased by any portion of funds in the escrow that are released to Dar Al-Arkan or any Restricted Subsidiary.

Net Cash Proceeds, with respect to any issuance or sale of Capital Stock or Indebtedness, means the cash proceeds of such issuance or sale net of attorneys' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

Obligations means, with respect to any Indebtedness, all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements and other amounts payable pursuant to the documentation governing such Indebtedness.

Officer means the Managing Director, General Manager, Chief Financial Officer or General Legal Counsel of Dar Al-Arkan.

Officer's Certificate means a certificate signed by one Officer.

Opinion of Counsel means a written opinion from legal counsel who is acceptable to the Trustee and the Delegate. The counsel may be an employee of or counsel to Dar Al-Arkan, the Trustee or the Delegate.

Partial Loss Dissolution Event means the termination of the lease of the Lease Assets in accordance with the Lease Agreement on the 61st day after the date of occurrence of the Partial Loss Event as a result of either: (a) provided that the Lease Assets have not been replaced in accordance with the Service Agency Agreement, the delivery by Dar Al-Arkan of a Partial Loss Termination Notice to the Lessor within 30 days after the date of occurrence of the Partial Loss Event in accordance with the Lease Agreement; or (b) the failure by Dar Al-Arkan to replace the Lease Assets within 60 days after the date of occurrence of the Partial Loss Event in accordance with the Service Agency Agreement.

Partial Loss Event means the partial impairment of one or more Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the whole of the Lease Assets, as determined by the Lessee and the occurrence of which (a) has been certified in writing by a recognised independent industry expert; and (b) does not constitute a Total Loss Event.

Partial Loss Termination Notice has the meaning given to it in the Lease Agreement.

Periodic Distribution Amount has the meaning given to it in Condition 7.2.

Permitted Business means any business conducted or proposed to be conducted (as described in the Base Prospectus) by Dar Al-Arkan and its Restricted Subsidiaries on the Issue Date and other businesses reasonably related or ancillary thereto.

Permitted Holders means (a) Yousef Abdullah Al Shelash, Hethloul Saleh Al Hethloul, Khalid Abdullah Al Shalash, Majed Abdul Rahman Al Qasem, Tariq Mohammed Ali Al Jarallah, Abdul Aziz Abdullah Al Shelash, Majed Roumi Soliman Al Roumi, Abdul Karim Hamad Al Babteen and Abdullatif Abdullah Al-Shalash; (b) with respect to each of the persons identified in paragraph (a) above, his parents, spouse and any of his or his spouse's relatives or descendants; (c) with respect to each of the persons identified in paragraphs (a) and (b) above, any trust or estate in which such person collectively owns 50 per cent. or more of the total beneficial interests; or (d) with respect to each of the persons identified in paragraphs (a) and (b) above, any corporation or other organisation in which such person are the owners, directly or indirectly, collectively of 50 per cent. or more of the equity interests.

Permitted Investment means an Investment by Dar Al-Arkan or any Restricted Subsidiary in:

(a) Dar Al-Arkan, a Restricted Subsidiary or a person that will, upon the making of such Investment, become a Restricted Subsidiary; provided, however, that the primary business of such Restricted Subsidiary is a Related Business; provided further, however, that Murabaha contracts may include a person other than Dar Al-Arkan or a Restricted Subsidiary as a party to the extent required to effect the arrangements contemplated therein so long as there is no Investment in such person;

(b) another person if, as a result of such Investment, such other person is merged or consolidated with or into, or transfers or conveys all or substantially all its assets to, Dar Al-Arkan or a Restricted Subsidiary; provided, however, that such person's primary business is a Related Business;

(c) cash and Temporary Cash Investments;

(d) receivables owing to Dar Al-Arkan or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as Dar Al-Arkan or any such Restricted Subsidiary deems reasonable under the circumstances;

(e) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) loans or advances to employees made in the ordinary course of business consistent with past practices of Dar Al-Arkan or such Restricted Subsidiary;

(g) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to Dar Al-Arkan or any Restricted Subsidiary or in satisfaction of judgments;

(h) any person to the extent such investment represents the non-cash portion of the consideration received for (i) an Asset Disposition as permitted pursuant to Condition 6.4 or (ii) a disposition of assets not constituting an Asset Disposition;

(i) any person where such Investment was acquired by Dar Al-Arkan or any of its Restricted Subsidiaries (a) in exchange for any other Investment or accounts receivable held by Dar Al-Arkan or any such Restricted Subsidiary in connection with or as a result of a bankruptcy,

workout, reorganisation or recapitalisation of the issuer of such other Investment or accounts receivable or (b) as a result of a foreclosure by Dar Al-Arkan or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(j) any person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits made in the ordinary course of business by Dar Al-Arkan or any Restricted Subsidiary;

(k) any person to the extent such Investments consist of Hedging Obligations otherwise permitted under Condition 6.1(b)(vi);

(l) any person to the extent such Investment exists on the Issue Date, and any extension, modification or renewal of any such Investments existing on the Issue Date, but only to the extent not involving additional advances, contributions or other Investments of cash or other assets or other increases thereof (other than as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities, in each case, pursuant to the terms of such Investment as in effect on the Issue Date);

(m) the Certificates; and

(n) any person remaining after giving effect to a repurchase of Capital Stock of Dar Al-Arkan in the manner permitted under Condition 6.2(b)(xiii) (where the consideration provided by Dar Al-Arkan for such repurchase consisted solely of the Capital Stock of such person).

Permitted Liens means, with respect to any person:

(a) pledges or deposits by such person under workers' compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such person is a party, or deposits to secure public or statutory obligations of such person or deposits of cash to secure surety or appeal bonds to which such person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(b) Liens imposed by law, such as carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such person with respect to which such person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by Dar Al-Arkan and (ii) such deposit account is not intended by Dar Al-Arkan or any Restricted Subsidiary to provide collateral to the depository institution;

(c) Liens for property taxes not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(d) Liens in favour of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such person in the ordinary course of its business; provided, however, that such letters of credit do not constitute Indebtedness;

(e) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such person or to the ownership of its properties which were not Incurred in connection with Indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such person;

(f) Liens (including extensions and renewals thereof) upon real or personal property acquired after the relevant Issue Date; provided that (i) such Lien is created solely for the purpose of securing Indebtedness Incurred under Condition 6.1(b)(x) and such Lien is created prior to, at the time of or within 60 days after the later of the acquisition or the completion of construction, (ii) the principal amount of the Indebtedness secured by such Lien does not exceed 100 per cent. of the purchase price or the cost of acquisition, development, construction or improvement of such real or personal property and (iii) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item;

(g) Liens to secure Indebtedness permitted under the provisions described in Condition 6.1(b)(i);

(h) Liens existing on the Issue Date;

(i) Liens on property or shares of Capital Stock of another person at the time such other person becomes a Subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(j) Liens on property at the time such person or any of its Subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such person or a Subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person or any of its Restricted Subsidiaries (other than assets and property affixed or appurtenant thereto);

(k) Liens securing Indebtedness or other obligations of a Subsidiary of such person owing to such person or a Restricted Subsidiary of such person;

(l) Liens securing Hedging Obligations so long as such Hedging Obligations are permitted to be Incurred under Condition 6;

(m) Liens to secure any Refinancing (or successive Refinancings) as a whole, or in part, of any Indebtedness secured by any Lien referred to in paragraphs (f), (g), (h), (i), or (j) above or (n) below; provided, however, that:

(i) such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, committed amount of the Indebtedness described under paragraphs (f), (g), (h), (i), or (j) above or (n) below at the time the original Lien became a Permitted Lien and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement; and

(n) Liens securing Indebtedness or other obligations, other than Relevant Indebtedness, of such person or its Subsidiaries so long as, on the date of creation of such Liens, no Default has occurred and is continuing and the incurrence of such Lien would not result in the aggregate amount of Total Assets of Dar Al-Arkan and its Restricted Subsidiaries which are free of and not encumbered by or subject to any Lien (including any Permitted Liens) being less than 1.25 times the aggregate amount of Indebtedness that is not subject to any Lien or other Security Interest of Dar Al-Arkan and its Restricted Subsidiaries as determined by Dar Al-Arkan in good faith.

Notwithstanding the foregoing, "Permitted Liens" will not include any Lien described in paragraphs (i) or (j) above to the extent such Lien applies to any Additional Assets acquired directly or indirectly from Net Available Cash pursuant to Condition 6.4. For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

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 any 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.

Purchase Agreement means the Master Purchase Agreement, as supplemented, in relation to each Series, by the relevant Supplemental Purchase Agreement.

Purchase Undertaking means the purchase undertaking dated 7 June 2022 executed by Dar Al-Arkan in favour of the Trustee and the Delegate.

Rate has the meaning given to it in Condition 8.3.

Rating Agencies means (i) S&P, (ii) Moody's and (iii) if S&P or Moody's or both shall not make a rating of the relevant Certificates publicly available, an internationally recognised securities rating agency or agencies, as the case may be, selected by Dar Al-Arkan, which shall be substituted for S&P or Moody's or both, as the case may be.

Record Date has the meaning given to it in Condition 9.1.

Reference Banks has the meaning given to it in Condition 8.3.

Refinance means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. **Refinanced** and **Refinancing** shall have correlative meanings.

Refinancing Indebtedness means Indebtedness that Refinances any Indebtedness of Dar Al-Arkan or any Restricted Subsidiary existing on the Issue Date or Incurred in compliance with the Transaction Documents to which Dar Al-Arkan is a party, including Indebtedness that Refinances Refinancing Indebtedness; provided, however, that:

(a) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced;

(b) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced;

(c) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced; and

(d) if the Indebtedness being Refinanced is subordinated in right of payment to Dar Al-Arkan's payment obligations under the Transaction Documents to which it is a party, such Refinancing Indebtedness is subordinated in right of payment to Dar Al-Arkan's payment obligations under the Transaction Documents to which it is a party at least to the same extent as the Indebtedness being Refinanced,

provided further, however, that Refinancing Indebtedness shall not include (A) Indebtedness of a Subsidiary that Refinances Indebtedness of Dar Al-Arkan or (B) Indebtedness of Dar Al-Arkan or a Restricted Subsidiary that Refinances Indebtedness of an Unrestricted Subsidiary.

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.

Related Business means any business in which Dar Al-Arkan and any of the Restricted Subsidiaries was engaged in on the Issue Date and any businesses related, ancillary or complementary to such business.

Relevant Date has the meaning given to it in Condition 12.

Relevant Indebtedness means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (including trust certificates, sukuk and any other instruments intended to be issued in accordance with the principles of *Shari'a*) which for the time being are, or are intended to be, or are capable of being quoted, listed or dealt in or traded on any stock exchange or over the counter or other securities market.

Relevant Jurisdiction has the meaning given to it in Condition 12.

Relevant Nominating Body has the meaning given to it in Condition 8.4.

Relevant Screen Page has the meaning given to it in Condition 8.3.

Replacement Assets means properties and assets that replace the properties and assets that were the subject of an Asset Disposition or properties and assets that are, or will be, used in Dar Al-Arkan business or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors are Related Businesses, and, in each case, any capital expenditure relating thereto.

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, any of Dar Al-Arkan's covenants in the Master Trust Deed or any of Dar Al-Arkan's 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 dispute resolution provisions to which the Trustee or Dar Al-Arkan has agreed 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 Payment with respect to any person means:

(a) the declaration or payment of any dividends or any other distributions of any sort in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving such person) or similar payment to the direct or indirect holders of its Capital Stock (other than (A) dividends or distributions payable solely in its Capital Stock (other than Disqualified Stock), (B) dividends or distributions payable solely to Dar Al-Arkan or a Restricted Subsidiary and (C) *pro rata* dividends or other distributions made by a Subsidiary that is not a Wholly Owned Subsidiary to minority stockholders (or owners of an equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(b) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Capital Stock of Dar Al-Arkan held by any person (other than by a Restricted Subsidiary) or of any Capital Stock of a Restricted Subsidiary held by any Affiliate of Dar Al-Arkan (other than by a Restricted Subsidiary), including in connection with any merger or consolidation and including the exercise of any option to exchange any Capital Stock (other than into Capital Stock of Dar Al-Arkan that is not Disqualified Stock);

(c) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment of any Subordinated Obligations of Dar Al-Arkan (other than (A) from a Restricted Subsidiary or (B) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case due within one year of the date of such purchase, repurchase, redemption, defeasance or other acquisition or retirement); or

(d) the making of any Investment (other than a Permitted Investment) in any person.

Restricted Subsidiary means any Subsidiary of Dar Al-Arkan that is not an Unrestricted Subsidiary.

Rules has the meaning given to it in Condition 22.

S&P means Standard & Poor's Ratings Services and its affiliates.

Sale/Leaseback Transaction means an arrangement relating to property owned by Dar Al-Arkan or a Restricted Subsidiary on the Issue Date or thereafter acquired by Dar Al-Arkan or a Restricted Subsidiary whereby Dar Al-Arkan or a Restricted Subsidiary transfers such property to a person and Dar Al-Arkan or a Restricted Subsidiary leases it from such person. Notwithstanding the foregoing, the term "Sale/Leaseback Transaction" will not include any transfers and/or leases (a) between Dar Al-Arkan and a Restricted Subsidiary; or (b) entered into by Dar Al-Arkan or any Restricted Subsidiary solely for the purposes of a financing structured on a *Shari'a*-compliant basis, provided that (i) such financing is Incurred for the benefit of Dar Al-Arkan or such Restricted Subsidiary; and (ii) on the date of such Incurrence and after giving effect thereto on a pro forma basis, Dar Al-Arkan is in compliance with the requirements of Condition 6.1.

Sale Agreement has the meaning given to it in the Purchase Undertaking or the Sale and Substitution Undertaking, as the context so requires.

Sale and Substitution Undertaking means the sale and substitution undertaking dated 7 June 2022 executed by the Trustee in favour of Dar Al-Arkan.

SAR means the lawful currency of the Kingdom of Saudi Arabia.

SAR Equivalent means with respect to any monetary amount in a currency other than SAR, at any time for determination thereof, the amount of SAR obtained by converting such foreign currency involved in such computation into SAR at the spot rate for the purchase of SAR with the applicable foreign currency as published in The Wall Street Journal in the "Exchange Rates" column under the heading "Currency Trading" on the date two Business Days prior to such determination. Except as described under Condition 6.1, whenever it is necessary to determine whether Dar Al-Arkan has complied with any provision in Condition 6 or a Default has occurred and an amount is expressed in a currency other than SAR, such amount will be treated as the SAR Equivalent determined as of the date such amount is initially determined in such currency.

Saudi Home Loans means Saudi Home Loans Company.

Scheduled Dissolution Date has the meaning given in the applicable Final Terms.

SEC means the U.S. Securities and Exchange Commission.

Security Interest means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any affiliate of the seller, or any agreement to give any security interest) securing any obligation of any person.

Senior Indebtedness means with respect to any person:

(a) Indebtedness of such person, whether outstanding on the Issue Date or thereafter Incurred; and

(b) all other Obligations of such person (including interest accruing on or after the filing of any petition in bankruptcy or for reorganisation relating to such person whether or not post-filing interest is allowed in such proceeding) in respect of Indebtedness described in paragraph (a) above,

unless, in the case of paragraphs (a) and (b), in the instrument creating or evidencing the same or pursuant to which the same is outstanding, it is provided that such Indebtedness or other Obligations are subordinate in right of payment to the claims of the Trustee against Dar Al-Arkan in respect of the payment obligations of Dar Al-Arkan under the Transaction Documents to which it is a party of such person, as the case may be; provided, however, that Senior Indebtedness shall not include:

(i) any obligation of such person to Dar Al-Arkan or any Subsidiary of Dar Al-Arkan;

(ii) any liability for Federal, state, local or other taxes owed or owing by such person;

(iii) any accounts payable or other liability to trade creditors arising in the ordinary course of business;

(iv) any Indebtedness or other Obligation of such person which is subordinate or junior in any respect to any other Indebtedness or other Obligation of such person; or

(v) that portion of any Indebtedness which at the time of Incurrence is Incurred in violation of the Transaction Documents.

For the avoidance of doubt, the payment obligations of Dar Al-Arkan under the Transaction Documents to which it is a party shall constitute Senior Indebtedness.

Service Agency Agreement means the service agency agreement dated 7 June 2022 between the Trustee and Dar Al-Arkan.

Service Agent means Dar Al-Arkan in its capacity as service agent under the Service Agency Agreement.

Settlement to Avoid Bankruptcy Law means the Settlement to Avoid Bankruptcy Law promulgated by Royal Decree No. 16 dated 4/9/1416H.

Shareholders' Equity means, at any date, the capital, statutory reserves, general reserves, treasury stock and retained earnings of Dar Al-Arkan; and in addition, to the extent accounted for as equity in accordance with IFRS as endorsed in the KSA, the equity element with respect to any financial instrument.

***Shari'a* Adviser** has the meaning given to it in the Service Agency Agreement.

Significant Subsidiary means any Restricted Subsidiary that would be a "Significant Subsidiary" of Dar Al-Arkan within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

Stated Maturity means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any

mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

Subordinated Obligation means, with respect to a person, any Indebtedness of such person (whether outstanding on the Issue Date or thereafter Incurred) which is subordinate or junior in right of payment to the claims of the Trustee against Dar Al-Arkan in respect of the payment obligations of Dar Al-Arkan under the Transaction Documents to which it is a party.

Subsidiary means, with respect to any person, any corporation, association, partnership or other business entity of which more than 50 per cent. of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(a) such person;

(b) such person and one or more Subsidiaries of such person; or

(c) one or more Subsidiaries of such person.

sub-unit has the meaning given to it in Condition 7.3.

Successor Rate has the meaning given to it in Condition 8.4.

Supplemental Lease Agreement has the meaning given to it in the Master Lease Agreement.

Supplemental Purchase Agreement has the meaning given to it in the Master Purchase Agreement.

TARGET Settlement Date has the meaning given to it in Condition 8.2.

Tax Event has the meaning given to it in Condition 11.2.

Taxes shall have the meaning given to it in Condition 12.

Temporary Cash Investments means any of the following:

(a) any investment in direct obligations of the Kingdom of Saudi Arabia, a member of the European Union, the United Kingdom, the United States or any agency thereof or obligations guaranteed by the Kingdom of Saudi Arabia, a member of the European Union, the United Kingdom or the United States or any agency thereof;

(b) investments in demand and time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organised under the laws of the Kingdom of Saudi Arabia, a member of the European Union, the United Kingdom or the United States or any state thereof, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.$50.0 million (or the foreign currency equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognised statistical rating organisation;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in paragraph (a) above entered into with a bank meeting the qualifications described in paragraph (b) above;

(d) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of Dar Al-Arkan) organised and in existence under the laws of the Kingdom of Saudi Arabia, a member of the European Union, the United Kingdom or the United States with a rating at the time as of which any investment therein is made of "P-l" (or higher) according to Moody's Investors Service, Inc. or "A-l" (or higher) according to S&P;

(e) investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the Kingdom of Saudi Arabia, a member of the European Union, the United Kingdom or the United States, or by any political

subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's Investors Service, Inc.; and

(f) investments in money market funds that invest substantially all their assets in securities of the types described in paragraphs (a) to (e) (inclusive) above.

Total Assets means, at any date, the total consolidated book value of all assets, plus accumulated depreciation and amortisation, of Dar Al-Arkan and its Subsidiaries, prepared in accordance with IFRS as endorsed in the KSA.

Total Liabilities means the aggregate of all consolidated Indebtedness of Dar Al-Arkan and its Subsidiaries and all other obligations of Dar Al-Arkan for the payment or repayment of money, whether present or future.

Total Loss Dissolution Date has the meaning given to it in Condition 11.7.

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 applicable Final Terms.

Transaction Documents means, in relation to each Series:

(a) the Trust Deed;

(b) the Agency Agreement;

(c) the Purchase Agreement;

(d) the Lease Agreement;

(e) the Service Agency Agreement;

(f) the Purchase Undertaking;

(g) the Sale and Substitution Undertaking; and

(h) the Master Murabaha Agreement (together with all documents, notices of request to purchase, offer notices and acceptances delivered or entered into as contemplated by the Master Murabaha Agreement in connection with the relevant Series),

each, as may be amended, restated and/or supplemented from time to time;

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.

Unrestricted Subsidiary means:

(a) any Subsidiary of Dar Al-Arkan that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided below; and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors may designate any Subsidiary of Dar Al-Arkan (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Capital Stock or Indebtedness of, or holds any Lien on any property of, Dar Al-Arkan or any Subsidiary of Dar Al-Arkan that is not a Subsidiary of the Subsidiary to be so designated; provided, however, that either (A) the Subsidiary to be so designated has total assets of U.S.$1,000 or less or (B) if such Subsidiary has assets greater than U.S.$1,000, such designation would be permitted under Condition 6.2. The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, however, that immediately after giving effect to such designation (i) Dar Al-Arkan could Incur SAR 1.00 of additional Indebtedness under Condition 6.1(a), and (ii) no Default shall have occurred and be continuing. Any such designation by the Board of Directors shall be evidenced to the

Trustee and the Delegate by promptly filing with the Trustee and the Delegate a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

Voting Stock of a person means all classes of Capital Stock of such person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

Wholly Owned Subsidiary means a Restricted Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned, directly or indirectly, by Dar Al-Arkan or one or more other Wholly Owned Subsidiaries.

USE OF PROCEEDS

The net proceeds of each Series will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to which it is a party as follows: (a) the Ijara Percentage of the aggregate face amount of the Certificates as the purchase price payable for the purchase from the Seller of all of its rights, title interest, benefits and entitlements in, to and under the Assets pursuant to the Purchase Agreement; and (b) if applicable, the Murabaha Percentage of the aggregate face amount of the Certificates to purchase Commodities to be sold to Dar Al-Arkan pursuant to the Master Murabaha Agreement.

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 Act (As Revised) 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 c/o 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 to date 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:
Jordan Hebert	Assistant Vice President, Fiduciary at Maples Fund Services (Middle East) Limited
Stacy Bodden	Vice President at MaplesFS Limited

The business address of Jordan Hebert 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 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 2020, 2021 and 2022 and as of and for the three-month period ended 31 March 2022 and 2023. The selected financial data as of and for the years ended 31 December 2021 and 2022 has been derived from the 2022 Audited Financial Statements. The selected financial data as of and for the year ended 31 December 2020 has been derived from the comparative financial information as of and for the year ended 31 December 2020 included in the 2021 Audited Financial Statements.

The selected financial data as of and for the three-month period ended 31 March 2023 has been derived from the Interim Financial Statements. The selected financial data as of and for the three-month period ended 31 March 2022 has been derived from the comparative financial information as of and for the three-month period ended 31 March 2022 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 the "*Presentation of Financial and Other Information*" and "*Financial Review*" sections of this Base Prospectus, and the Audited Financial Statements and the Interim Financial Statements.

Statement of Financial Position

	As of 31 December (Audited)			As of 31 March (Unaudited)
	2020	**2021**	**2022**	**2023**
		SAR '000		
Cash and cash equivalents	4,931,660	4,153,426	5,928,857	3,866,352
Investment properties, net	1,519,116	1,110,414	1,077,808	1,057,839
Long-term development properties[(1)]	18,246,583	19,285,287	20,563,563	19,186,003
Total assets	30,934,616	31,961,680	33,512,853	30,532,781
Total borrowings[(2)]	10,217,453	9,413,423	10,773,779	8,319,076
Total liabilities	11,908,436	12,802,050	13,908,725	10,814,388

Notes:

(1) Long-term development properties represents only non-current 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.

Statement of Income Data

	Year ended 31 December (Audited)		
	2020	**2021**	**2022**
		SAR '000	
Revenue	1,944,854	2,493,078	3,925,499
Cost of revenue	(1,270,204)	(1,596,350)	(2,467,912)
Gross profit	**674,650**	**896,728**	**1,457,587**
General and administrative expenses	(171,332)	(211,945)	(357,934)
Operating profit	**503,318**	**684,783**	**1,099,653**
Finance costs	(645,883)	(662,977)	(681,637)
Other income, net	143,361	93,888	153,957
Share of net profits from associates and joint ventures	18,583	19,748	16,413
Profit before zakat	**19,379**	**135,442**	**588,386**
Zakat provisions and expenses	(585)	(2,922)	(146,666)
Net profit for the year	**18,794**	**132,520**	**441,720**
Other comprehensive income	(2,102)	930	2,778
Total comprehensive income for the year	**16,692**	**133,450**	**444,498**
Total comprehensive income attributable to:			
Dar Al-Arkan shareholders	**16,692**	**133,450**	**444,498**

	Three-month period ended 31 March (Unaudited)	
	2022	2023
	SAR '000	
Revenue	1,619,339	764,323
Cost of revenue	(1,056,560)	(463,483)
Gross profit	**562,779**	**300,840**
General and administrative expenses	(63,693)	(55,750)
Operating profit	**499,086**	**245,090**
Finance costs	(152,851)	(193,141)
Other income, net	16,108	44,327
Share of net profits from associates and joint ventures	1,614	24,365
Profit before zakat	**363,957**	**120,641**
Zakat provisions and expenses	(142,939)	(3,016)
Net profit for the period	**221,018**	**117,625**
Other comprehensive income	—	**(3,360)**
Total comprehensive income for the period	**221,018**	**114,265**
Total comprehensive income attributable to:		
Dar Al-Arkan shareholders	**221,018**	**114,265**

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 2020, 2021 and 2022 and as of and for the three-month period ended 31 March 2022 and 2023. The following review should be read in conjunction with the information in "Presentation of Financial and Other Information" and the Audited Financial Statements and the Interim 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 "Risk Factors".

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 Main Market of the Saudi 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 Medina.

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

- ***Properties Development***: which comprises: (i) land development projects; and (ii) residential and commercial projects;
- ***Asset Management***: which focuses on the leasing and management of Dar Al-Arkan's investment properties; and
- ***Investments***: which focuses on strategic investments in companies that are complementary to Dar Al-Arkan's real estate development operations.

As of the date of this Base Prospectus, the Properties Development business segment accounted for the significant majority of Dar Al-Arkan's business.

During the year ended 31 December 2022, revenue from Properties Development projects, which for accounting and financial reporting purposes is accounted for as Sale of Development Properties and Sale of Residential Properties, accounted for SAR 3.81 billion (U.S.$1.02 billion), or 96.70 per cent. of Dar Al-Arkan's total revenue, compared to SAR 2.38 billion (U.S.$634.67 million), or 94.82 per cent. of total revenue, in the year ended 31 December 2021. During the year ended 31 December 2022, revenue from Properties Development projects was comprised of Sale of Development Properties of SAR 3.40 billion (U.S.$906.67 million) and Sale of Residential Properties of SAR 409.96 million (U.S.$109.32 million), compared to Sale of Development Properties of SAR 2.26 billion (U.S.$602.67 million) and Sale of Residential Properties of SAR 118.32 million (U.S.$31.55 million) in the year ended 31 December 2021. Revenue from Asset Management, which for accounting and financial reporting purposes is accounted for as Leasing of Properties, accounted for SAR 115.88 million (U.S.$30.90 million), or 2.94 per cent. of Dar Al-Arkan's total revenue, in the year ended 31 December 2022, compared to SAR 113.62 million (U.S.$30.30 million), or 4.52 per cent. of total revenue, in the year ended 31 December 2021. Revenue from Investments, which for accounting and financial reporting purposes is accounted for as a share of net profits from associates and joint ventures, accounted for SAR 16.41 million (U.S.$4.38 million), or 0.42 per cent. of Dar Al-Arkan's total revenue, in the year ended 31 December 2022, compared to SAR 19.75 million (U.S.$5.27 million), or 0.79 per cent. of total revenue, in the year ended 31 December 2021.

During the three-month period ended 31 March 2023, revenue from Properties Development projects accounted for SAR 732.09 million (U.S.$195.22 million), or 92.82 per cent. of Dar Al-Arkan's total revenue, compared to SAR 1.59 billion (U.S.$424.00 million), or 98.15 per cent. of total revenue, in the three-month period ended 31 March 2022. During the three-month period ended 31 March 2023, revenue from Properties Development projects was comprised of Sale of Development Properties of SAR 701.19 million (U.S.$186.98 million) and Sale of Residential Properties of SAR 30.90 million (U.S.$8.24 million), compared to Sale of Development Properties of SAR 1.52 billion (U.S.$405.33 million) and Sale of Residential Properties of SAR 75.05 million (U.S.$20.01 million) in the three-month period ended 31 March 2022. Revenue from Asset Management accounted for SAR 32.24 million (U.S.$8.60 million), or 4.09 per cent. of Dar Al-Arkan's total revenue, in the three-month period ended 31 March 2023, compared to SAR 27.10 million (U.S.$7.23 million), or 1.67 per cent. of total revenue, in

the three-month period ended 31 March 2022. During the three-month period ended 31 March 2023, revenue from Investments accounted for SAR 24.37 million (U.S.$6.50 million), or 3.09 per cent. of Dar Al-Arkan's total revenue, compared to SAR 1.61 million (U.S.$0.43 million), or 0.10 per cent. of total revenue, in the three-month period ended 31 March 2022.

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

Macroeconomic and other trends in the Kingdom

Most of Dar Al-Arkan's operations are carried out 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 oil sector continues to constitute the largest portion of the Kingdom's economy. The oil sector accounted for 39.6 per cent. and 37.3 per cent. of the Kingdom's real GDP in the years ended 31 December 2022 and 2021, respectively, while oil revenues accounted for 68.2 per cent. and 58.2 per cent. of total Government revenues in the fiscal years 2022 and 2021, respectively. Oil exports accounted for 78.0 per cent. and 73.2 per cent. of the Kingdom's total exports by value in 2022 and 2021, respectively.

Historically, the price of oil has been volatile and over the past two decades, international oil prices have fluctuated significantly. For example, in 2020, the yearly average OPEC Reference Basket price per barrel was U.S.$41.47, reflecting a sharp fall in April 2020 driven by OPEC actions and significantly reduced demand as a result of COVID-19 and a slow recovery throughout the remainder of the year. Oil prices generally rose over the course of 2021 and 2022, with the average OPEC Reference Basket price increasing from U.S.$54.38 per barrel in January 2021 to U.S.$79.68 per barrel in December 2022, reaching a peak of U.S.$117.72 in June 2022 attributable to a number of factors, including, but not limited to, production cuts by OPEC and partners to counter falling oil prices as a result of the COVID-19 pandemic, the rebound in global oil demand as economies continued to recover from the impact of the COVID-19 pandemic and, most notably, the Russian invasion of Ukraine in February 2022.The average of the monthly average OPEC Reference Basket prices over the three-month period ended 31 March 2023 was U.S.$80.65, compared to U.S.$97.56 over the three-month period ended 31 March 2022.

The population of the Kingdom was estimated by GASTAT to be 34 million as of 1 July 2021, representing a decrease of 2.6 per cent. as compared to 35 million as of 1 July 2020. According to SAMA data, Saudi nationals comprised 21.7 million, or 63.6 per cent. of the total population, and non-Saudi nationals comprised 12.4 million, or 36.4 per cent. of the total population as of 1 July 2021. The Kingdom has a young population, with 66 per cent. of Saudi nationals being under the age of 35 and 30 per cent. under the age of 15 according to GASTAT's Saudi Youth in Numbers 2021 report. According to estimates by the IMF, the population of the Kingdom will continue to grow at a rate of 2 per cent. per annum. The IMF estimates that the Kingdom's population will reach 37.4 million by 2024 and approximately 43.2 million by 2050.

Although the Saudi population is increasing, average household sizes are declining. Together with the population increase, the Kingdom has undergone rapid urbanisation in recent decades and, as of the date of this Base Prospectus, over 83 per cent. of the total population of the Kingdom lives in cities, with approximately half the population being concentrated in the six largest cities of Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam. Average annual housing demand is anticipated to grow from 99,600 units in 2021 to 153,000 units by 2030 with an average of 124,000 units over the period. The housing market in the Kingdom is also currently witnessing an increase in public-private partnerships (**PPPs**) as part of the Government's plan to attract more private sector investment in the housing sector.

The Kingdom currently faces a shortage of availability in the housing sector, particularly in the low to mid income levels. According to estimates by the MoMRAH and the Real Estate Development Fund (the **REDF**), the Kingdom will require an additional 1.2 million homes to reach a total housing stock of 4.96 million units by 2030. 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 down payment on a home from 30 per cent. to 15 per cent.). In January 2017, SAMA further increased the limit on real estate financing provided by real estate financing companies from 85 per cent. to 90 per cent. of the value of a home (effectively reducing the minimum required down-payment on a home from 15 per cent. to 10 per cent.). The increase in the financing-to-value ratio has had the effect of increasing the level of mortgage financing in the Kingdom which, in turn, has enhanced the Kingdom's real estate sector.

The real estate sector in the Kingdom, including the housing market, which is a large part of the real estate sector, is driven by positive economic developments as well as favourable demographic fundamentals. Notwithstanding the continued volatility in global oil prices, Dar Al-Arkan expects that continued growth in other sectors of the Kingdom's economy is likely to drive continued growth in real estate development.

The Kingdom's housing market has benefitted significantly from a number of Government initiatives in recent years aimed at developing the sector and increasing house building and home ownership as well as initiatives designed to increase access to mortgage finance for home buyers, see "*Overview of the Real Estate Sector in the Kingdom*".

Management believes that the financing initiatives referred to above will continue to contribute to an increase in demand for housing in the Kingdom which, amongst other things, could raise the average selling price of residential units, including those sold under 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*".

As of 31 December 2022, Dar Al-Arkan's development properties consisted of SAR 20.71 billion (U.S.$5.52 billion) including project lands and properties of SAR 15.28 billion (U.S.$4.07 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

Revenue from completed land development projects is generated mainly from the sale of land plots on which infrastructure has been developed to third parties for development by them (within an approved master plan in the case of master-planned community developments). Dar Al-Arkan recognises revenue for the total sale price of land at the time of the legal completion of the sale, which is when the sale contract is signed. Typically, a minimum 20 per cent., non-refundable, deposit is received from the buyer at the time the sale contract is signed. The balance of the sale price is typically paid within a three- to 12-month period after the sale contract is signed. Revenue from land development projects may vary from period to period depending on the number and timing of sale contracts signed during a given period.

Revenue from off-plan sales

In addition, Dar Al-Arkan is increasingly adopting off-plan sales programmes to market and sell its developments. The revenue from off-plan sales is used to subsequently develop and complete properties for the duration of their construction and development contracts. The revenue and cost of such developments are recognised in proportion to the performed stages of completion against the total contractual obligations agreed pursuant to the relevant sale contract (including variation, claims and incentives) at the end of each reporting period in accordance with IFRS as endorsed in the KSA (IFRS 15).

Number and type of residential units delivered to buyers

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

Dar Al-Arkan's master-planned communities contain more residential and commercial 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 asset management by retaining certain residential and commercial units on its master-planned communities as rental properties. Dar Al-Arkan has retained 752 units of residential property and, as of 31 March 2023, 91 per cent. of these units had been rented. The longer development cycles of master-planned communities and the mix of residential and commercial 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 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

Revenue from land development projects and residential and commercial projects 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 are sold during a given period. Sale prices can vary depending on a number of factors relating to the location of land for 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 revenue primarily consists of land acquisition costs and amounts paid to contractors. Dar Al-Arkan recognises cost of revenue 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 revenue 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 revenue 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 revenue 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 sale prices. Management expects continued volatility in construction costs and this could cause period to period fluctuations in cost of revenue and gross profit.

Mix of property 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 revenue recognised from land development projects and residential and commercial projects during the periods.

Deemed disposal on issuance of shares by subsidiary

On 28 February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Group, listed its shares on the London Stock Exchange's main market. Dar Global PLC issued and offered 21,621,612 ordinary shares for subscription through a private placement at a price of U.S.$3.33 per share with a total value of U.S.$72 million. As a result of this issuance, the Group's equity interest was diluted from 100 per cent. to 88 per cent. and the Group was deemed to no longer control Dar Global PLC as a result of the listing requirement for it to be able to carry on its own business independently. The Group can still exercise significant influence over Dar Global PLC and the investment has been classified as an associate and accounted for under the equity method.

Accordingly, the assets and liabilities of Dar Global PLC were derecognised in the Interim Financial Statements due to loss of control. The remeasured fair value of the retained interest amounted to SR 1.1 billion and no gain/loss has been recognised on remeasurement of the retained interest in associate.

Results of operations

The following tables set forth certain summary financial data for the years ended 31 December 2020, 2021 and 2022 and for the three-month period ended 31 March 2022 and 2023.

	Year ended 31 December (Audited)		
	2020	**2021**	**2022**
		SAR '000	
Revenue	1,944,854	2,493,078	3,925,499
Cost of revenue	(1,270,204)	(1,596,350)	(2,467,912)
Gross profit	**674,650**	**896,728**	**1,457,587**
General and administrative expenses	(171,332)	(211,945)	(357,934)
Operating profit	**503,318**	**684,783**	**1,099,653**

	Year ended 31 December (Audited)		
	2020	2021	2022
Finance costs	(645,883)	(662,977)	(681,637)
Other income, net	143,361	93,888	153,957
Share of net profits from associates and joint ventures	18,583	19,748	16,413
Profit before zakat	**19,379**	**135,442**	**588,386**
Zakat provisions and expenses	(585)	(2,922)	(146,666)
Net profit for the year	**18,794**	**132,520**	**441,720**
Other comprehensive income	(2,102)	930	2,778
Total comprehensive income for the year	**16,692**	**133,450**	**444,498**
Total comprehensive income attributable to:			
Dar Al-Arkan shareholders	**16,692**	**133,450**	**444,498**

	Three-month period ended 31 March (Unaudited)	
	2022	2023
	SAR '000	
Revenue	1,619,339	764,323
Cost of revenue	(1,056,560)	(463,483)
Gross profit	**562,779**	**300,840**
General and administrative expenses	(63,693)	(55,750)
Operating profit	**499,086**	**245,090**
Finance costs	(152,851)	(193,141)
Other income, net	16,108	44,327
Share of net profits from associates and joint ventures	1,614	24,365
Profit before zakat	**363,957**	**120,641**
Zakat provisions and expenses	(142,939)	(3,016)
Net profit for the period	**221,018**	**117,625**
Other comprehensive income	**-**	**(3,360)**
Total comprehensive income for the period	**221,018**	**114,265**
Total comprehensive income attributable to:		
Dar Al-Arkan shareholders	**221,018**	**114,265**

The following table sets forth certain summary financial data relating to Dar Al-Arkan's revenue, cost of revenue and gross profit by type: Sale of Development Properties, Sale of Residential Properties and Leasing of Properties, for the year ended 31 December 2020, 2021 and 2022.

	Year ended 31 December (Audited)		
	2020	2021	2022
	(SAR '000, unless otherwise indicated)		
Sale of Development Properties revenue	1,625,976	2,261,135	3,399,657
Contribution to total revenue (*per cent.*)	83.60	90.70	86.61
Sale of Residential Properties revenue	186,403	118,321	409,959
Contribution to total revenue (*per cent.*)	9.58	4.75	10.44
Leasing of Properties revenue	132,475	113,622	115,883
Contribution to total revenue (per cent.)	6.82	4.55	2.95
Total revenue from operations	**1,944,854**	**2,493,078**	**3,925,499**
Sale of Development Properties cost of revenue	1,066,625	1,462,187	2,159,766
Sale of Residential Properties cost of revenue	158,575	97,136	273,822

	Year ended 31 December (Audited)		
	2020	**2021**	**2022**
	(SAR '000, unless otherwise indicated)		
Leasing of Properties cost of revenue	45,004	37,027	34,324
Total cost of revenue	**1,270,204**	**1,596,350**	**2,467,912**
Gross profit for Sale of Development Properties	559,351	798,948	1,239,891
Gross profit for Residential Properties	27,828	21,185	136,137
Gross profit for Leasing of Properties	87,471	76,595	81,559
Total gross profit	**674,650**	**896,728**	**1,457,587**
Gross margin for Sale of Development Properties (*per cent.*)	34.40	35.33	36.47
Gross margin for Sale of Residential Properties (*per cent.*)	14.93	17.90	33.21
Gross margin for Leasing of Properties (*per cent.*)	66.03	67.41	70.38
Total gross margin (*per cent.*)	**34.69**	**35.97**	**37.13**

The following table sets forth certain summary financial data relating to Dar Al-Arkan's revenue, cost of revenue and gross profit by type: Sale of Development Properties, Sale of Residential Properties and Leasing of Properties, for the three-month period ended 31 March 2022 and 2023.

	Three-month period ended 31 March (Unaudited)	
	2022	**2023**
	(SAR '000, unless otherwise indicated)	
Sale of Development Properties revenue	1,517,191	701,189
Contribution to total revenue (*per cent.*)	93.69	91.74
Sale of Residential Properties revenue	75,048	30,897
Contribution to total revenue (*per cent.*)	4.64	4.04
Leasing of Properties revenue	27,100	32,237
Contribution to total revenue (*per cent.*)	1.67	4.22
Total revenue from operations	**1,619,339**	**764,323**
Sale of Development Properties cost of revenue	992,868	434,973
Sale of Residential Properties cost of revenue	55,125	19,934
Leasing of Properties cost of revenue	8,567	8,576
Total cost of revenue	**1,056,560**	**463,483**
Gross profit for Sale of Development Properties	524,323	266,216
Gross profit for Residential Properties	19,923	10,963
Gross profit for Leasing of Properties	18,533	23,661

	Three-month period ended 31 March (Unaudited)	
	2022	2023
	(SAR '000, unless otherwise indicated)	
Total gross profit	**562,779**	**300,840**
Gross margin for Sale of Development Properties (*per cent.*)	34.56	37.97
Gross margin for Sale of Residential Properties (*per cent.*)	26.55	35.48
Gross margin for Leasing of Properties (*per cent.*)	68.39	73.40
Total gross margin (*per cent.*)	**34.75**	**39.36**

The following tables set forth certain additional data relating to the Sale of Development Properties and Sale of Residential Properties, for the years ended 31 December 2020, 2021 and 2022, and for the three-month period ended 31 March 2022 and 2023.

	Year ended 31 December		
	2020	2021	2022
Sale of Development Properties			
Weighted average selling price/sq. m (*SAR*)[1]	566	1,165	1,083
Weighted average cost of revenue/sq. m (*SAR*)	374	753	596
Sale of Residential Properties			
Units sold	253	230	127
Average selling price of units sold (*SAR '000*)	737	514	815
Average costs of units sold (*SAR '000*)	627	422	641

Note:

(1) **Weighted average selling price/sq. m** is calculated as the total value of each development property divided by the total square metres sold in respect of the relevant year.

	Three-month period ended 31 March	
	2022	2023
Sale of Development Properties		
Weighted average selling price/sq. m (*SAR*)[1]	1,063	674
Weighted average cost of revenue/sq. m (*SAR*)	655	418
Sale of Residential Properties		
Units sold	93	51
Average selling price of units sold (*SAR '000*)	409	606
Average costs of units sold (*SAR '000*)	352	391

Note:

(1) **Weighted average selling price/sq. m** is calculated as the total value of each development property divided by the total square metres sold in respect of the relevant period.

Results of operations for the three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022

Revenue

Total revenue for the three-month period ended 31 March 2023 was SAR 764.32 million (U.S.$203.82 million), a 52.82 per cent. decrease compared to total revenue of SAR 1.62 billion (U.S.$432.00 million) for the three-month period ended 31 March 2022. This decrease was due to the reduction in bulk land sales and revenue recognition from off-plan sales projects during the three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022.

Revenue from the Sale of Development Properties for the three-month period ended 31 March 2023 was SAR 701.19 million (U.S.$186.98 million), a 53.87 per cent. decrease compared to revenue from the Sale of Development Properties of SAR 1.52 billion (U.S.$405.33 million) for the three-month period ended 31 March 2022. This decrease was primarily due to the reduction in bulk land sales and revenue recognition from off-plan sales projects during the three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022.

Revenue from the Sale of Residential Properties for the three-month period ended 31 March 2023 was SAR 30.90 million (U.S.$8.24 million), a 58.83 per cent. decrease compared to revenue from the Sale of Residential Properties of SAR 75.05 million (U.S.$20.01 million) for the three-month period ended 31 March 2022. This decrease was primarily due to non-inclusion of revenue from Urban Oasis Dubai as a result of the deemed disposal of Dar Global PLC in the first quarter of 2023 (see "*—Deemed disposal on issuance of shares by subsidiary*").

Revenue from the Leasing of Properties increased in the three-month period ended 31 March 2023 to SAR 32.24 million (U.S.$8.60 million), an 18.97 per cent. increase compared to revenue from the Leasing of Properties of SAR 27.10 million (U.S.$7.23 million) for the three-month period ended 31 March 2022. This increase was driven by an increase in leasing rates and the occupancy ratio of the Group's leasing portfolio.

Cost of Revenue

Total cost of revenue for the three-month period ended 31 March 2023 was SAR 463.48 million (U.S.$123.59 million), a 56.27 per cent. decrease compared to total cost of revenue of SAR 1.06 billion (U.S.$282.67 million) for the three-month period ended 31 March 2022. This decrease in the total cost of revenue was consistent with the related decrease in revenue during the three-month period ended 31 March 2023.

The cost of revenue for the Sale of Development Properties for the three-month period ended 31 March 2023 was SAR 434.97 million (U.S.$115.99 million), a 56.19 per cent. decrease compared to the cost of revenue for the Sale of Development Properties of SAR 992.87 million (U.S.$264.76 million) for the three-month period ended 31 March 2022. The decrease in the cost of revenue for the Sale of Development Properties was due to lower volumes sold of Development Properties and a reduction in revenue recognition from an off-plan sales project (Shams Ar Riyadh) during the three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022.

The cost of revenue for the Sale of Residential Properties for the three-month period ended 31 March 2023 was SAR 19.93 million (U.S.$5.31 million), a 63.85 per cent. decrease compared to the cost of revenue for the Sale of Residential Properties of SAR 55.13 million (U.S.$14.70 million) for the three-month period ended 31 March 2022. This decrease was primarily due to lower volumes sold of residential Properties and also due to the non-inclusion of revenue from Urban Oasis Dubai as a result of the deemed disposal of Dar Global PLC in the first quarter of 2023 (see "*—Deemed disposal on issuance of shares by subsidiary*").

The cost of revenue for the Leasing of Properties for the three-month period ended 31 March 2023 and 31 March 2022 was SAR 8.57 million (U.S.$2.29 million).

Gross Profit

Total gross profit for the three-month period ended 31 March 2023 was SAR 300.84 million (U.S.$80.22 million), a 46.54 per cent. decrease compared to total gross profit of SAR 562.78 million (U.S.$150.07 million) for the three-month period ended 31 March 2022. This decrease was primarily due to lower property sales and the reduction in revenue recognition from off-plan sales projects in the three-month period ended 31 March 2023.

Gross profit from the Sale of Development Properties for the three-month period ended 31 March 2023 was SAR 266.22 million (U.S.$70.99 million), a 49.23 per cent. decrease compared to gross profit from the Sale of Development Properties of SAR 524.32 million (U.S.$139.82 million) for the three-month period ended 31 March 2022. This decrease was mainly due to lower volumes of sales of Development Properties and the decrease in recognition of revenue in accordance with IFRS 15 in respect of the Shams Ar Riyadh project during the three-month period ended 31 March 2023.

Gross profit from the Sale of Residential Properties for the three-month period ended 31 March 2023 was SAR 10.96 million (U.S.$2.92 million), a 44.98 per cent. decrease compared to gross profit from the Sale of Residential Properties of SAR 19.92 million (U.S.$5.31 million) for the three-month period ended 31 March 2022. This reduction was primarily due to the non-inclusion of revenue from Urban Oasis Dubai as a result of the deemed disposal of Dar Global PLC in the first quarter of 2023 (see "*—Deemed disposal on issuance of shares by subsidiary*").

Gross profit from the Leasing of Properties for the three-month period ended 31 March 2023 was SAR 23.66 million (U.S.$6.31 million), a 27.68 per cent. increase compared to the gross profit from the Leasing of Properties of SAR 18.53 million (U.S.$4.94 million) for the three-month period ended 31 March 2022. This increase was primarily due to an improvement in leasing rates and demand for leasing of residential and commercial properties.

General and administrative expenses

General and administrative expenses for the three-month period ended 31 March 2023 were SAR 55.75 million (U.S.$14.87 million), a 12.47 per cent. decrease compared to general and administrative expenses of SAR 63.69 million (U.S.$16.98 million) for the three-month period ended 31 March 2022. This reduction was mainly due to the deemed disposal of Dar Global PLC in the first quarter of 2023 (see "*—Deemed disposal on issuance of shares by subsidiary*").

Operating Profit

Reflecting the above factors, operating profit for the three-month period ended 31 March 2023 was SAR 245.09 million (U.S.$65.36 million), a 50.89 per cent. decrease compared to SAR 499.09 million (U.S.$133.09 million) in the three-month period ended 31 March 2022.

Finance Costs

Finance costs for the three-month period ended 31 March 2023 were SAR 193.14 million (U.S.$51.50 million), a 26.36 per cent. increase compared to SAR 152.85 million (U.S.$40.76 million) for the three-month period ended 31 March 2022. This increase was primarily driven by an increase in interest and profit rates globally, resulting in an increase in the overall weighted average effective annual commission rate on Dar Al-Arkan's total financing facilities from 6.18 per cent. for the three-month period ended 31 March 2022 to 7.04 per cent. for the three-month period ended 31 March 2023.

Other Income, Net

Other income, net for the three-month period ended 31 March 2023 was SAR 44.33 million (U.S.$11.82 million), a 175.17 per cent. increase compared to SAR 16.11 million (U.S.$4.29 million) in the three-month period ended 31 March 2022. This increase principally reflected an increase in short-term *Murabaha* deposits made in the three-month period ended 31 March 2023 compared to the three-month period ended 31 March 2022 due to a greater availability of surplus cash. Moreover, the increase in interest and profit rates globally also resulted in an increase in income from these short term deposits in the three-month period ended 31 March 2023.

Share of Net Profits from Associates and Joint Ventures

Share of net profits from associates and joint ventures for the three-month period ended 31 March 2023 was SAR 24.37 million (U.S.$6.50 million), an increase of 1,413.66 per cent. compared to SAR 1.61 million (U.S.$0.43 million) for the three-month period ended 31 March 2022. This significant increase resulted from the inclusion of Dar Global PLC as an associate due to loss of control upon listing of its shares on the London Stock Exchange (see "*—Deemed disposal on issuance of shares by subsidiary*"). There was also a comparative increase in the share of net profit from other associates in the three-month period ended 31 March 2023.

Profit Before Zakat

Reflecting the above factors, profit before zakat for the three-month period ended 31 March 2023 was SAR 120.64 million (U.S.$32.17 million), a 66.85 per cent. decrease compared to SAR 363.96 million (U.S.$97.06 million) in the three-month period ended 31 March 2022.

Zakat Provisions and Expenses

Zakat provisions and expenses for the three-month period ended 31 March 2023 was SAR 3.02 million (U.S.$0.81 million), a 97.89 per cent. decrease compared to SAR 142.94 million (U.S.$38.12 million) for the three-month period ended 31 March 2022. This decrease was primarily due to Zakat paid and accrued against previous periods' Zakat assessments amounting to SAR 133.84 million (U.S.$35.69 million) in the three-month period ended 31 March 2022.

Net Profit for the Period

Reflecting the above factors, net profit for the period for the three-month period ended 31 March 2023 was SAR 117.63 million (U.S.$31.34 million), a 46.78 per cent. decrease compared to SAR 221.02 million (U.S.$58.94 million) for the three-month period ended 31 March 2022.

Results of operations for the year ended 31 December 2022 compared to the year ended 31 December 2021

Revenue

Total revenue for the year ended 31 December 2022 was SAR 3.93 billion (U.S.$1.05 billion), a 57.83 per cent. increase compared to total revenue of SAR 2.49 billion (U.S.$0.66 billion) for the year ended 31 December 2021. This increase was primarily a result of an increase in revenue from the Sale of Development Properties and Sale of Residential Properties, which was driven by higher volumes of development properties and residential properties sold during the year ended 31 December 2022 compared to the year ended 31 December 2021.

Revenue from the Sale of Development Properties for the year ended 31 December 2022 was SAR 3.40 billion (U.S.$0.91 billion), a 50.44 per cent. increase compared to revenue from the Sale of Development Properties of SAR 2.26 billion (U.S.$0.60 billion) for the year ended 31 December 2021. This increase was mainly due to the increase in bulk land sales and the recognition of revenue from the off-plan sales project of Shams Ar Riyadh for the first time in the year ended 31 December 2022.

Revenue from the Sale of Residential Properties for the year ended 31 December 2022 was SAR 409.96 million (U.S.$109.32 million), a 246.48 per cent. increase compared to revenue from the Sale of Residential Properties of SAR 118.32 million (U.S.$31.55 million) for the year ended 31 December 2021. This increase was primarily due to a recognition of revenue from the off-plan sales project of Urban Oasis Dubai for the first time in the year ended 31 December 2022.

Revenue from the Leasing of Properties increased slightly in the year ended 31 December 2022 to SAR 115.88 million (U.S.$30.90 million), an increase of 1.99 per cent. compared to revenue from the Leasing of Properties of SAR 113.62 million (U.S.$30.30 million) for the year ended 31 December 2021.

Cost of Revenue

Total cost of revenue for the year ended 31 December 2022 was SAR 2.47 billion (U.S.$0.66 billion), a 54.38 per cent. increase compared to total cost of revenue of SAR 1.60 billion (U.S.$0.43 billion) for the year ended 31 December 2021. This increase in the total cost of revenue was consistent with the related increase in revenue during the year ended 31 December 2022.

The cost of revenue for the Sale of Development Properties for the year ended 31 December 2022 was SAR 2.16 billion (U.S.$0.58 billion), a 47.95 per cent. increase compared to the cost of revenue for the Sale of Development Properties of SAR 1.46 billion (U.S.$0.39 billion) for the year ended 31 December 2021. The increase in the cost of revenue for the Sale of Development Properties was primarily due to higher volumes sold of Development Properties during the year ended 31 December 2022 compared to the year ended 31 December 2021.

The cost of revenue for the Sale of Residential Properties for the year ended 31 December 2022 was SAR 273.82 million (U.S.$73.02 million), a 181.88 per cent. increase compared to the cost of revenue for the Sale of

Residential Properties of SAR 97.14 million (U.S.$25.90 million) for the year ended 31 December 2021. This increase was primarily due to cost of revenue recognised from the off-plan sales project of Urban Oasis Dubai for the first time in the year ended 31 December 2022.

The cost of revenue for the Leasing of Properties for the year ended 31 December 2022 was SAR 34.32 million (U.S.$9.15 million), a 7.32 per cent. decrease compared to the cost of revenue for the Leasing of Properties of SAR 37.03 million (U.S.$9.87 million) for the year ended 31 December 2020. This slight decrease was attributable to an improvement in gross margin.

Gross Profit

Total gross profit for the year ended 31 December 2022 was SAR 1.46 billion (U.S.$0.39 billion), a 62.81 per cent. increase compared to total gross profit of SAR 896.73 million (U.S.$239.13 million) for the year ended 31 December 2021. This increase was primarily due to an increase in overall sales revenue.

Gross profit from the Sale of Development Properties for the year ended 31 December 2022 was SAR 1.24 billion (U.S.$0.33 billion), a 55.19 per cent. increase compared to gross profit from the Sale of Development Properties of SAR 798.95 million (U.S.$213.05 million) for the year ended 31 December 2021. This increase was mainly due to higher volumes of sales of Development Properties during the year ended 31 December 2022.

Gross profit from the Sale of Residential Properties for the year ended 31 December 2022 was SAR 136.14 million (U.S.$36.30 million), a 542.47 per cent. increase compared to gross profit from the Sale of Residential Properties of SAR 21.19 million (U.S.$5.65 million) for the year ended 31 December 2021. This major increase was primarily due to revenue recognition from the off-plan sales project of Urban Oasis Dubai for the first time during the year ended 31 December 2022.

Gross profit from the Leasing of Properties for the year ended 31 December 2022 was SAR 81.56 million (U.S.$21.75 million), a 6.49 per cent. increase compared to the gross profit from the Leasing of Properties of SAR 76.59 million (U.S.$20.42 million) for the year ended 31 December 2021. This increase was primarily due to an increase in revenue from Leasing of Properties as discussed above in the analysis of Dar Al-Arkan's revenue.

General and Administrative Expenses

General and administrative expenses for the year ended 31 December 2022 were SAR 357.93 million (U.S.$95.45 million), a 68.87 per cent. increase compared to general and administrative expenses of SAR 211.95 million (U.S.$56.52 million) for the year ended 31 December 2021. This increase is primarily attributable to a major expansion of international operations carried out by the Group, resulting mainly in an increase in staff related costs, marketing expenses, professional fees, utilities and maintenance costs.

Operating Profit

Reflecting the above factors, operating profit for the year ended 31 December 2022 was SAR 1.10 billion (U.S.$0.29 billion), a 60.58 per cent. increase compared to SAR 684.78 million (U.S.$182.61 million) in the year ended 31 December 2021.

Finance Costs

Finance costs for the year ended 31 December 2022 were SAR 681.64 million (U.S.$181.77 million), a 2.81 per cent. increase compared to SAR 662.98 million (U.S.$176.79 million) for the year ended 31 December 2021. This increase is mainly due to the net increase in financing of SAR 1,372 million (U.S.$365.87 million) and also due to an increase in interest and profit rates globally during 2022.

Other Income, Net

Other income, net for the year ended 31 December 2022 was SAR 153.96 million (U.S.$41.06 million), a 63.98 per cent. increase compared to SAR 93.89 million (U.S.$25.04 million) for the year ended 31 December 2021. This increase principally reflected an increase in short-term *Murabaha* deposits made in 2022 compared to 2021 as well as an increase in dividend income from investments in financial assets.

Share of Net Profits from Associates and Joint Ventures

Share of net profits from associates and joint ventures for the year ended 31 December 2022 was SAR 16.41 million (U.S.$4.38 million), a 16.91 per cent. decrease compared to SAR 19.75 million (U.S.$5.27 million) for the year ended 31 December 2021. This decrease is mainly due to the disposal and transfer of investments in associates during the year ended 31 December 2022.

Profit Before Zakat

Reflecting the above factors, profit before zakat for the year ended 31 December 2022 was SAR 588.39 million (U.S.$156.90 million), a 334.43 per cent. increase compared to SAR 135.44 million (U.S.$36.12 million) in the year ended 31 December 2021.

Zakat Provisions and Expenses

Zakat provisions and expenses for the year ended 31 December 2022 were SAR 146.67 million (U.S.$39.11 million), a 4,922.95 per cent. increase compared to SAR 2.92 million (U.S.$0.78 million) for the year ended 31 December 2021. This increase was mainly due to a zakat charge arising from the final assessment for the period from 2009 to 2014 amounting to SAR 133.84 million (U.S.$35.69 million) and also due to an increase in the profit before zakat for the year ended 31 December 2022 resulting in an increase in zakat payable compared to the year ended 31 December 2021.

Net Profit for the Year

Reflecting the above factors, net profit for the year ended 31 December 2022 was SAR 441.72 million (U.S.$117.79 million), a 233.32 per cent. increase compared to SAR 132.52 million (U.S.$35.34 million) in the year ended 31 December 2021.

Results of operations for the year ended 31 December 2021 compared to the year ended 31 December 2020

Revenue

Total revenue for the year ended 31 December 2021 was SAR 2.49 billion (U.S.$0.66 billion), a 28.35 per cent. increase compared to total revenue of SAR 1.94 billion (U.S.$0.52 billion) for the year ended 31 December 2020. This increase was primarily a result of an increase in revenue from the Sale of Development Properties which was driven by higher volumes of development properties sold during the year ended 31 December 2021 compared to the year ended 31 December 2020.

Revenue from the Sale of Development Properties for the year ended 31 December 2021 was SAR 2.26 billion (U.S.$0.60 billion), a 38.65 per cent. increase compared to revenue from the Sale of Development Properties of SAR 1.63 billion (U.S.$0.43 billion) for the year ended 31 December 2020.

Revenue from the Sale of Residential Properties for the year ended 31 December 2021 was SAR 118.32 million (U.S.$31.55 million), a 36.52 per cent. decrease compared to revenue from the Sale of Residential Properties of SAR 186.40 million (U.S.$49.71 million) for the year ended 31 December 2020. This decrease was primarily due to a decrease in the volume of residential units sold during the year ended 31 December 2021 compared to the year ended 31 December 2020.

Revenue from the Leasing of Properties also decreased in the year ended 31 December 2021 to SAR 113.62 million (U.S.$30.30 million), a decrease of 14.24 per cent. compared to revenue from the Leasing of Properties of SAR 132.48 million (U.S.$35.33 million) for the year ended 31 December 2020. This decrease was primarily due to the expiration in April 2021 of a lease agreement in relation to the whole of Dar Al Mashaer Towers (previously Azizia Towers) in Makkah. The lease agreement was not renewed because the property is being fully refurbished with a view to selling the asset. Excluding the Dar Al Mashaer Towers lease agreement, rental revenues would have increased by 10.48 per cent. in the year ended 31 December 2021 compared to the previous year.

Cost of Revenue

Total cost of revenue for the year ended 31 December 2021 was SAR 1.60 billion (U.S.$0.43 billion), a 25.98 per cent. increase compared to total cost of revenue of SAR 1.27 billion (U.S.$0.34 billion) for the year ended 31

December 2020. This increase in the total cost of revenue was consistent with the related increase in revenue during the year ended 31 December 2021.

The cost of revenue for the Sale of Development Properties for the year ended 31 December 2021 was SAR 1.46 billion (U.S.$0.39 billion), a 36.45 per cent. increase compared to the cost of revenue for the Sale of Development Properties of SAR 1.07 billion (U.S.$0.29 billion) for the year ended 31 December 2020. The increase in the cost of revenue for the Sale of Development Properties was primarily due to higher volumes sold of Development Properties during the year ended 31 December 2021 compared to the year ended 31 December 2020.

The cost of revenue for the Sale of Residential Properties for the year ended 31 December 2021 was SAR 97.14 million (U.S.$25.90 million), a 38.74 per cent. decrease compared to the cost of revenue for the Sale of Residential Properties of SAR 158.58 million (U.S.$42.29 million) for the year ended 31 December 2020. This decrease was primarily due to a lower volume of residential units being sold compared to the year ended 31 December 2021.

The cost of revenue for the Leasing of Properties for the year ended 31 December 2021 was SAR 37.03 million (U.S.$9.87 million), a 17.71 per cent. decrease compared to the cost of revenue for the Leasing of Properties of SAR 45.00 million (U.S.$12.00 million) for the year ended 31 December 2020. This decrease was consistent with the lower revenue from the Leasing of Properties in 2021 as Dar Al Mashaer Towers was repossessed for refurbishment in April 2021 with a view to completing a future sale of the asset.

Gross Profit

Total gross profit for the year ended 31 December 2021 was SAR 896.73 million (U.S.$239.13 million), a 32.92 per cent. increase compared to total gross profit of SAR 674.65 million (U.S.$179.91 million) for the year ended 31 December 2020. This increase was primarily due to an increase in gross profit from the Sale of Development Properties.

Gross profit from the Sale of Development Properties for the year ended 31 December 2021 was SAR 798.95 million (U.S.$213.05 million), a 42.84 per cent. increase compared to gross profit from the Sale of Development Properties of SAR 559.35 million (U.S.$149.16 million) for the year ended 31 December 2020. This increase was mainly due to higher volumes of sales of Development Properties during the year ended 31 December 2021.

Gross profit from the Sale of Residential Properties for the year ended 31 December 2021 was SAR 21.19 million (U.S.$5.65 million), a 23.86 per cent. decrease compared to gross profit from the Sale of Residential Properties of SAR 27.83 million (U.S.$7.42 million) for the year ended 31 December 2020. This decrease was primarily due to a decrease in the volume of sales of residential units during the year ended 31 December 2021.

Gross profit from the Leasing of Properties for the year ended 31 December 2021 was SAR 76.59 million (U.S.$20.42 million), a 12.44 per cent. decrease compared to the gross profit from the Leasing of Properties of SAR 87.47 million (U.S.$23.33 million) for the year ended 31 December 2020. This decrease was primarily due to a decrease in revenue from Leasing of Properties as discussed above in the analysis of Dar Al-Arkan's revenue.

General and Administrative Expenses

General and administrative expenses for the year ended 31 December 2021 were SAR 211.95 million (U.S.$56.52 million), a 23.71 per cent. increase compared to general and administrative expenses of SAR 171.33 million (U.S.$45.69 million) for the year ended 31 December 2020. This increase was primarily due to an increase in marketing expenses, professional fees and maintenance costs. The majority of this increase was non-recurring and due to several discrete events.

Operating Profit

Reflecting the above factors, operating profit for the year ended 31 December 2021 was SAR 684.78 million (U.S.$182.61 million), a 36.05 per cent. increase compared to SAR 503.32 million (U.S.$134.22 million) in the year ended 31 December 2020.

Finance Costs

Finance costs for the year ended 31 December 2021 were SAR 662.98 million (U.S.$176.79 million), a 2.65 per cent. increase compared to SAR 645.88 million (U.S.$172.23 million) for the year ended 31 December 2020. This increase was primarily due to new credit facilities availed by Dar Al-Arkan during the course of 2020, the full impact of which was observed in the year ended 31 December 2021. The increase in finance costs during the year

ended 31 December 2021 was also attributable to the increase in SAIBOR during the year ended 31 December 2021. These impacts were offset by lower transaction amortisation costs in the year ended 31 December 2021 compared to the year ended 31 December 2020, which were driven by the reduced transaction costs associated with bilateral facilities.

Other Income, Net

Other income, net for the year ended 31 December 2021 was SAR 93.89 million (U.S.$25.04 million), a 34.51 per cent. decrease compared to SAR 143.36 million (U.S.$38.23 million) for the year ended 31 December 2020. This decrease principally reflected a decrease in short-term *Murabaha* deposits made in 2021 compared to 2020 when, due to the uncertainties caused by the COVID-19 pandemic in 2020, Dar Al-Arkan elected to place additional cash in short-term *Murabaha* deposit instruments.

Share of Net Profits from Associates and Joint Ventures

Share of net profits from associates and joint ventures for the year ended 31 December 2021 was SAR 19.75 million (U.S.$5.27 million), a 6.30 per cent. increase compared to SAR 18.58 million (U.S.$4.95 million) for the year ended 31 December 2020.

Profit Before Zakat

Reflecting the above factors, profit before zakat for the year ended 31 December 2021 was SAR 135.44 million (U.S.$36.12 million), a 598.86 per cent. increase compared to SAR 19.38 million (U.S.$5.17 million) in the year ended 31 December 2020.

Zakat Provisions and Expenses

Zakat provisions and expenses for the year ended 31 December 2021 were SAR 2.92 million (U.S.$0.78 million), a 394.92 per cent. increase compared to SAR 0.59 million (U.S.$0.16 million) for the year ended 31 December 2020. This increase was mainly due to an increase in the profit before zakat for the year ended 31 December 2021 resulting in more zakat becoming payable compared to the year ended 31 December 2020.

Net Profit for the Year

Reflecting the above factors, net profit for the year ended 31 December 2021 was SAR 132.52 million (U.S.$35.34 million), a 605.27 per cent. increase compared to SAR 18.79 million (U.S.$5.01 million) in the year ended 31 December 2020.

Analysis of Certain Consolidated Statement of Financial Position Items

Assets

Dar Al-Arkan's principal assets are its development properties, its trade receivables and others and its cash and cash equivalents which, together, accounted for 88.45 per cent. of its total assets as of 31 March 2023.

Development Properties

Dar Al-Arkan's long- and short-term development properties amounted to SAR 19.31 billion (U.S.$5.15 billion), or 63.25 per cent. of its total assets, as of 31 March 2023 compared to SAR 20.71 billion (U.S.$5.52 billion), or 61.80 per cent. of its total assets, as of 31 December 2022, SAR 19.65 billion (U.S.$5.24 billion), or 61.48 per cent. of its total assets, as of 31 December 2021, and SAR 18.59 billion (U.S.$4.96 billion), or 60.10 per cent. of its total assets, as of 31 December 2020. The decrease in Dar Al-Arkan's long-term development properties as of 31 March 2023 was due to lower investment in development properties compared to the amount of properties sold during the same period as well as due to the impact of the deemed disposal of Dar Global PLC (see "*—Deemed disposal on issuance of shares by subsidiary*").

Note 6 to each of the Interim Financial Statements and the Audited Financial Statements contains further information about Dar Al-Arkan's development properties, including in each of the Interim Financial Statements and the 2022 Audited Financial Statements a discussion on its internal tolerance evaluations to identify possible impairment and related sensitivities.

Trade Receivables and Others

Dar Al-Arkan's trade receivables and others amounted to SAR 3.83 billion (U.S.$1.02 billion), or 12.54 per cent. of its total assets, as of 31 March 2023 compared to SAR 4.46 billion (U.S.$1.19 billion), or 13.31 per cent. of its total assets, as of 31 December 2022, SAR 5.77 billion (U.S.$1.54 billion), or 18.05 per cent. of its total assets, as of 31 December 2021, and SAR 4.65 billion (U.S.$1.24 billion), or 15.03 per cent. of its total assets, as of 31 December 2020. The main reasons for the decrease in trade receivables and others as of 31 March 2023 were the decrease in revenue and the exclusion of Dar Global PLC related balances due to the deemed disposal (see "*—Deemed disposal on issuance of shares by subsidiary*").

Note 10 to each of the Interim Financial Statements and the Audited Financial Statements contains further information about Dar Al-Arkan's trade receivables, an ageing analysis and an expected credit loss evaluation of account receivables.

Cash and cash equivalents

Dar Al-Arkan's cash and cash equivalents amounted to SAR 3.87 billion (U.S.$1.03 billion), or 12.68 per cent. of its total assets as of 31 March 2023 compared to SAR 5.93 billion (U.S.$1.58 billion), or 17.70 per cent. of its total assets, as of 31 December 2022, SAR 4.15 billion (U.S.$1.11 billion), or 12.99 per cent. of its total assets, as of 31 December 2021, and SAR 4.93 billion (U.S.$1.31 billion), or 15.94 per cent. of its total assets, as of 31 December 2020. The decrease in cash and cash equivalents as of 31 March 2023 compared to the position as of 31 December 2022 was primarily due to the redemption of sukuk upon maturity amounting to SAR 1.88 billion (U.S.$500 million).

Liabilities

Dar Al-Arkan's principal liabilities are its borrowings (which are described under "*Liquidity and Borrowings*" below) and its trade payables and others which together accounted for 96.54 per cent. of its total liabilities as of 31 March 2023.

Trade Payables and Others

Dar Al-Arkan's trade payables and others amounted to SAR 2.12 billion (U.S.$56.53 million), or 19.61 per cent. of its total liabilities, as of 31 March 2023 compared to SAR 2.72 billion (U.S.$725.33 million), or 19.55 per cent. of its total liabilities, as of 31 December 2022, SAR 3.03 billion (U.S.$807.85 million), or 23.66 per cent. of its total liabilities, as of 31 December 2021, and SAR 1.23 billion (U.S.$328.66 million), or 10.35 per cent. of its total liabilities, as of 31 December 2020. The decrease in trade payables and others as of 31 March 2023 compared to the position as of 31 December 2022 was due to the reduction in Dar Al-Arkan's trade payables during the three-month period ended 31 March 2023 resulting mainly from the exclusion of Dar Global PLC related balances due to the deemed disposal (see "*—Deemed disposal on issuance of shares by subsidiary*").

Note 14 to each of the Interim Financial Statements and the Audited Financial Statements contains further information about Dar Al-Arkan's trade payables and others.

Liquidity and Borrowings

Liquidity

Dar Al-Arkan operates a capital intensive business and requires significant amounts of cash to satisfy its working capital and capital expenditures requirements, as well as to meet its financing obligations. In addition, the relative lack of "off-plan" and "pre-finished" home sales in the Kingdom requires Dar Al-Arkan to rely on cash generated from the Sale of Development Properties, Sale of Residential Properties and funds from external financings to fund its residential and commercial projects.

Dar Al-Arkan relies on a combination of cash from operations and financings from domestic banks and the domestic and international capital markets to fund the expansion of its operations. For the next 12 months, management believes that cash from these sources will be sufficient to fund Dar Al-Arkan's working capital needs and scheduled repayment of financing maturing during the coming year. However, Dar Al-Arkan may obtain additional funding to meet its medium- to long-term financing obligations, to fund the planned development of the Shams Al Arous and Etoile ROSHN master-planned communities and capital expenditures relating to its other development projects and to support the future growth of its business.

Borrowings

Overview

All of the financing transactions entered into by Dar Al-Arkan are *Shari'a*-compliant. As of 31 March 2023, the total borrowings of Dar Al-Arkan amounted to SAR 8.32 billion (U.S.$2.22 billion) compared to total borrowings of SAR 10.77 billion (U.S.$2.87 billion) as of 31 December 2022, a decrease of 22.75 per cent., primarily as a result of the redemption of sukuk of SAR 1.88 billion (U.S.$500 million) and payment of *Murabaha* facilities of SAR 514.19 million (U.S.$137.12 million).

As of 31 December 2022, the total borrowings of Dar Al-Arkan amounted to SAR 10.77 billion (U.S.$2.87 billion) compared to total borrowings of SAR 9.41 billion (U.S.$2.51 billion) as of 31 December 2021, an increase of 14.45 per cent., as a result of the issuance of sukuk of SAR 1.50 billion (U.S.$400 million) and new *Murabaha* and loan facilities of SAR 2.21 billion (U.S.$589.33 million), offset by the redemption of sukuk of SAR 1.88 billion (U.S.$500 million) and payment of *Murabaha* facilities of SAR 464 million (U.S.$123.73 million).

The following table sets out a breakdown of the outstanding indebtedness (by type of financing and scheduled maturity date) of Dar Al-Arkan as of 31 March 2023:

Description	**Amount outstanding** (*U.S.$ millions*)	**Maturity**
Capital Markets Issuances		
U.S.$600 million 6.750 per cent. Trust Certificates due 2025 ...	600	2025
U.S.$400 million 7.75 per cent. Trust Certificates due 2026	400	2026
U.S.$400 million 6.875 per cent. Trust Certificates due 2027 ...	400	2027
Total Capital Markets Issuances.....	**1,400**	
***Murabaha* Facilities**		
Murabaha facilities expiring 2024	57	2024
Murabaha facilities expiring 2025	413	2025
Murabaha facilities expiring 2027	120	2027
Murabaha facilities expiring 2028	50	2028
Murabaha facilities expiring 2032	194	2032
Total *Murabaha* Facilities	**834**	

Sukuk

As of 31 March 2023, Dar Al-Arkan had three sukuk outstanding with an aggregate face amount of U.S.$1.4 billion as mentioned in the above table. As of 31 March 2023, sukuk financing accounted for 63.10 per cent. of Dar Al-Arkan's total indebtedness.

Bank Financing Facilities

Dar Al-Arkan has also entered into a number of financing facilities with domestic and international banks in the form of bilateral *Murabaha* facilities secured against certain real estate properties, letters of guarantee and letters of credit. These facilities have tenors ranging from six months to 11 years with various repayment schedules, including annual rolling revolvers, bullet repayments and instalment repayments ranging from monthly, quarterly and half-yearly.

Under Dar Al-Arkan's current sukuk and bank facility finance documents, it is bound by certain financial covenants. Failure to comply with these financial covenants could result in the early redemption of the relevant sukuk or termination of the facility and the acceleration of the payment of outstanding amounts.

The below table is a summary of the outstanding *Murabaha* facilities that have been entered into by Dar Al-Arkan as of 31 March 2023:

Maturing in	Short-Term Outstanding[(1)]	Long-Term Outstanding[(2)]	Total Amount Outstanding
		(SAR '000)	
2024	171,429	42,857	214,286
2025	633,333	916,667	1,550,000
2027	40,000	410,000	450,000
2028	18,800	169,200	188,000
2032	80,650	645,200	725,850
Total	**944,212**	**2,183,924**	**3,128,136**

Notes:

(1) **Short-Term Outstanding** comprises debt with a maturity date of less than one year

(2) **Long-Term Outstanding** comprises debt with a maturity date of more than one year from 31 March 2023

As of the date of this Base Prospectus, Dar Al-Arkan and its subsidiaries are in compliance with all applicable financial covenants set out in their financing agreements.

Incurring Financial Indebtedness

Under the Conditions, Dar Al-Arkan has agreed that it will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness; provided, however, that Dar Al-Arkan 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 of the U.S.$600 million 6.75 per cent. Trust Certificates due 2025 or the U.S.$400 million 6.875 per cent. Trust Certificates due 2027 is outstanding, at least 1.75 to 1.00 and (at any time thereafter) at least 1.50 to 1.00. As at 31 March 2023, the Consolidated Coverage Ratio for the relevant period was 1.86 to 1.00 and therefore above the Consolidated Coverage Ratio requirement imposed for Incurring Indebtedness pursuant to Condition 6.1.

Sources and uses of cash

The following tables summarise Dar Al-Arkan's cash and cash equivalents as of the beginning and end of the periods presented and its cash flows for the periods presented:

	For the year ended 31 December (Audited)		
	2020	2021	2022
		SAR '000	
Net cash (used in)/from operating activities	(1,461,677)	66,806	454,129
Net cash (used in) investing activities	(4,379)	(8,978)	(14,257)
Net cash from/(used in) financing activities	2,447,696	(836,062)	1,335,559
Increase/(Decrease) in cash and cash equivalents	981,640	(778,234)	1,775,431
Cash and cash equivalents at beginning of year	3,950,020	4,931,660	4,153,426
Cash and cash equivalents at end of year	4,931,660	4,153,426	5,928,857

	For the three-month period ended 31 March (Unaudited)	
	2022	2023
	SAR '000	
Net cash from operating activities	1,033,855	1,506,368
Net cash (used in) investing activities	(72,329)	(1,106,669)
Net cash (used in) financing activities	(80,841)	(2,462,204)
Increase (Decrease) in cash and cash equivalents	880,685	(2,062,505)
Cash and cash equivalents at beginning of year	4,153,426	5,928,857
Cash and cash equivalents at end of year	5,034,111	3,866,352

Net Cash From/(Used in) Operating Activities

Net cash from operating activities was SAR 1.51 billion (U.S.$402.67 million) for the three-month period ended 31 March 2023, compared to net cash from operating activities of SAR 1.03 billion (U.S.$274.67 million) for the three-month period ended 31 March 2022. The increase in net cash from operating activities in the three-month period ended 31 March 2023 was primarily due to a positive movement in working capital, which was largely driven by the net reduction in development properties.

Net cash from operating activities was SAR 454.13 million (U.S.$121.10 million) for the year ended 31 December 2022, compared to net cash from operating activities of SAR 66.81 million (U.S.$17.82 million) for the year ended 31 December 2021 and net cash used in operating activities of SAR 1,461.68 million (U.S.$389.78 million) for the year ended 31 December 2020. The increase in net cash from operating activities in the year ended 31 December 2022 compared to the year ended 31 December 2021 and in the year ended 31 December 2021 compared to the year ended 31 December 2020 was primarily due to improved profitability and positive movements in working capital.

Net Cash (Used in) Investing Activities

Net cash used in investing activities was SAR 1.11 billion (U.S.$295.20 million) for the three-month period ended 31 March 2023, compared to net cash used in investing activities of SAR 72.33 million (U.S.$19.29 million) for the three-month period ended 31 March 2022. The increase in net cash used in investing activities for the three-month period ended 31 March 2023 was primarily due to an increase in investment in associates resulting from the deemed disposal of Dar Global PLC subsequent to its listing on the London Stock Exchange (see "*—Deemed disposal on issuance of shares by subsidiary*").

Net cash used in investing activities was SAR 14.26 million (U.S.$3.80 million) for the year ended 31 December 2022, compared to net cash used in investing activities of SAR 8.98 million (U.S.$2.39 million) and SAR 4.38 million (U.S.$1.17 million) for the years ended 31 December 2021 and 31 December 2020, respectively. The increase in net cash used in investing activities for the year ended 31 December 2022 compared to the year ended 31 December 2021 and for the year ended 31 December 2021 compared to the year ended 31 December 2020 was primarily due to the acquisition of property and equipment for expansion and administrative purposes.

Net Cash (Used in)/From Financing Activities

Net cash used in financing activities was SAR 2.46 billion (U.S.$656.53 million) for the three-month period ended 31 March 2023, compared to net cash used in financing activities of SAR 80.84 million (U.S.$21.56 million) for the three-month period ended 31 March 2022. This increase was due to the redemption of sukuk upon maturity amounting to SAR 1.88 billion (U.S.$500.00 million).

Net cash generated from financing activities was SAR 1.34 billion (U.S.$357.33 million) for the year ended 31 December 2022, compared to net cash used in financing activities of SAR 836.06 million (U.S.$222.95 million) for the year ended 31 December 2021 and net cash generated from financing activities of SAR 2.45 billion (U.S.$653.33 million) for the year ended 31 December 2020. The Group's financing activities in each year solely comprised movements in its borrowings.

Summary of Contractual Obligations

The following table summarises Dar Al-Arkan's contractual obligations as of 31 March 2023, and also indicates in which future periods payments under these obligations will come due.

Contractual Obligations	**Total**	**Short-Term[(1)]**	**Long-Term[(2)]**
		(*SAR '000*)	
Borrowings[(3)]	8,319,076	941,255	7,377,821
Operating Lease Obligations[(4)]	8,299	2,920	5,379
Total[(5)]	**8,327,375**	**944,175**	**7,383,200**

(1) Obligations due within 12 months from the date of reporting.

(2) Obligations due beyond 12 months from the date of reporting.

(3) Represents payment obligations relating to U.S.$600 million 6.750 per cent. Trust Certificates due 2025, U.S.$400 million 7.750 per cent. Trust Certificates due 2026, U.S.$400 million 6.875 per cent. Trust Certificates due 2027 and other debt facilities of Dar Al-Arkan

and excludes future profit payments associated with these borrowings. These borrowings are subject to various restrictive covenants under which the timing of payment may be accelerated in the case of non-compliance.

(4) Represent minimum lease payment under non-cancellable operating lease rentals.

(5) Excludes the contractual obligations related to the development of Dar Al-Arkan's current projects, as these contracts may be terminated at will by Dar Al-Arkan. Also, excludes end of service obligations as timing of these payment cannot be determined.

Capital Expenditures

For the years ended 31 December 2022, 2021 and 2020, Dar Al-Arkan made capital expenditures in amounts of SAR 3.47 billion (U.S.$925.33 million), SAR 2.25 billion (U.S.$600.97 million) and SAR 2.49 billion (U.S.$665.22 million), respectively. For the three-month period ended 31 March 2023 and 2022, Dar Al-Arkan made capital expenditures in the amounts of SAR 16.66 million (U.S.$4.44 million) and SAR 243.49 million (U.S.$64.93 million), respectively. These capital expenditures related to the development of Dar Al-Arkan's projects and the acquisition of land for future projects. Dar Al-Arkan funded these capital expenditure requirements with cash from operations and the proceeds from its other debt facilities.

As of 31 March 2023, Dar Al-Arkan had capital expenditure commitments of SAR 112 million (U.S.$29.87 million), principally relating to the development of its master planned communities. Management expects Dar Al-Arkan to make a total of SAR 2.6 billion (U.S.$693.33 million) of capital expenditures during 2023, principally relating to the purchase and development of land as well as in connection with the Shams Al Aroos, Etoile, Commendatore Tower and other ongoing development projects in the Kingdom. Dar Al-Arkan intends to fund these capital expenditures with a combination of cash from operations and its current and planned debt facilities, including the proceeds from the offering of Certificates issued under the Programme.

Related Party Transactions

During the three financial years preceding the date of this Base Prospectus, Dar Al-Arkan has not entered into any significant transactions with companies in which Dar Al-Arkan's founding shareholders, directors and/or officers have material interests, and has not entered into any contracts with, and it holds no material interest on behalf of, any of its directors, the Chief Executive Officer or the Chief Financial Officer or with any other related party.

Dar Al-Arkan maintains an existing arrangement with SHL whereby SHL has agreed to pay sales consideration to Dar Al-Arkan for the residential units sold to individuals funded by SHL. There is no recourse to Dar Al-Arkan if such financings provided by SHL to its customers become non-performing assets or classed as bad debts. As of 31 March 2023, no amounts were due for such transactions from SHL to Dar Al-Arkan.

Khozam Real Estate Development Company (**Khozam REDC**) routinely invests its excess cash balance with Dar Al-Arkan at a nominal profit repayable on demand to facilitate Dar Al-Arkan's working capital needs. During the three-month period ended 31 March 2023, Dar Al-Arkan paid profit of SAR 0.24 million (U.S.$0.06 million). The closing balance of such cash balance held by Dar Al-Arkan as of 31 March 2023 was SAR 187.18 million (U.S.$49.91 million). Dar Al-Arkan is permitted to repay these funds at any time.

Alkhair Capital and Alkhair Capital Dubai Limited (**Alkhair Dubai**) have each been engaged by Dar Al-Arkan to provide general financial advice and to represent and file documents on behalf of Dar Al-Arkan with the CMA, Tadawul and other statutory bodies from time to time. Alkhair Capital and Alkhair Dubai also routinely provide *Shari'a*-compliance reviews and management support for Dar Al-Arkan's issuances of Certificates under the Programme. There were no transactions made between either Dar Al-Arkan and Alkhair Capital or Dar Al-Arkan and Alkhair Dubai during the three-month period ended 31 March 2023.

Financial Risk Management

Note 27 to each of the Interim Financial Statements and the Audited Financial Statements contains detailed disclosure about Dar Al-Arkan's principal financial operations, including disclosure in relation to credit risk management, commission rate risk management, liquidity risk management and foreign currency risk management.

Significant Accounting Estimates, Assumptions and Judgements

In preparing its consolidated financial statements, management is required to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities (including contingent

liabilities), and the related disclosures. The assumptions and estimates may cause a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Revenue Recognition

Dar Al-Arkan recognises revenue on the sale of its completed properties when significant risks and rewards of ownership transfer to the buyer, which is assessed at the time of legal completion of the sale or unconditional exchange. Dar Al-Arkan measures the revenue based on the consideration entitled in a contract with a customer excluding amounts, if any, collected for and on behalf of third parties.

With respect to land properties and projects, Dar Al-Arkan typically receives an initial non-refundable deposit upon signing the sale contract, with the balance being paid on a deferred basis (typically no longer than three months). Dar Al-Arkan recognises the full amount of the consideration as revenue at the point in time when the control of the property is transferred to the buyer through a legally enforceable sale contract which is signed between the buyer and Dar Al-Arkan.

With respect to residential and commercial projects, Dar Al-Arkan typically receives an initial deposit on the signature of the sales contract, with the balance being paid on a deferred basis as per the terms of the contract. Revenue from the sale of these properties is only recognised when the completed property is delivered to the purchaser.

With respect to residential and commercial projects sold under a construction contract, the revenue and cost of such projects are recognised in accordance with IFRS 15 when the objective and the outcome of such contracts can be estimated reliably in proportion to the performed/measured stages of completion against the total contractual obligations/milestones including variation, claims and incentives at the end of each reporting period, except where the work performed is not representative of the relevant stage of completion.

With respect to lease rental income, Dar Al-Arkan recognises revenue on a straight line basis over the lease term.

Recognition of cost of sales

Dar Al-Arkan has development properties which typically contain a number of individual projects within each development. In order to determine cost of sales related to properties or units sold during the period, the management estimates and averages the costs of the entire development, including infrastructure costs and overall construction and other directly attributable costs, to arrive at the total estimated cost of the project. These estimated costs are allocated to each project within the development and each unit within a project. These estimates are reviewed regularly on a profit per project basis and revised as necessary. Any significant change in these estimates may result in additional costs being recorded in future periods related to revenue recognised in a prior period.

Measurement of contract assets and trade receivables

Dar Al-Arkan's management makes significant assumptions on the estimation of expected credit loss in connection with contract assets and/or trade receivables which is assessed on the basis of the terms of the contracts. Dar Al-Arkan assesses receivables that are individually significant and receivables included in a group of financial assets with similar credit risk characteristics for impairment. This assessment of impairment requires judgement. In making this judgement, Dar Al-Arkan evaluates credit risk characteristics giving considerations for past default experience of the customer, analyses the general economic conditions of the industry in which the customer operates and the current financial position specific to the customer and assesses both the current as well as the forecast direction of past-due status and other loss event factors being indicative of the ability to pay all amounts due as per contractual terms at the reporting date. A provision for expected credit loss is made where there is objective evidence, including customers with financial difficulties or in default on payments, that amounts may not be recovered in accordance with the original terms of the contracts and the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate.

Based on such periodic assessment, Dar Al-Arkan recognises full lifetime expected credit losses for all contract assets, lease receivables and/or all trade receivables with or without significant financing transactions using a provision matrix. For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Classification of properties

Dar Al-Arkan's properties are classified as either investment properties or development properties. Management has made various judgements to determine whether a property qualifies as an investment property which is held to earn rentals and/or for capital appreciation or both. These are not used for generating sales revenues through normal business operations. A development property comprises completed properties, developed land, property projects under construction, land projects under development and land awaiting development predominantly identified for sale in the ordinary course of business. In making its judgement, management considers its intended use of property. When management assesses that certain investment properties will be disposed as part of normal business operations, their carrying cost will be transferred to development properties for final completion of development and transfer.

Subsequent transfer of Investment Properties

Investment properties are the interests in land and/or buildings that are held for their investment potential and not for sale in the ordinary course of business. Management assesses the intended use of its real estate properties on a continuous basis and summarises the portfolio at every reporting period. When the periodic management assessment identifies any change in the use of a property previously classified as investment properties, their carrying cost is transferred to development properties for further development and final transfer in the ordinary course of business. While re-assessing the intended use, management considers the holding period, possibility of further appreciations, related economic activities around such properties and the need for further development to make the property ready for sale.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with the intent to sell.

Carrying value of development properties

Dar Al-Arkan's principal activity is currently the development and sale of land, residential and commercial property. Due to the nature of this activity, much of the development is speculative in nature. Accordingly, the interim condensed consolidated statement of financial position as at 31 March 2023 reflects assets that are not covered by forward sales contracts.

The development properties are stated at the lower of cost and net realisable value. Dar Al-Arkan assesses the net realisable value of its development properties at each reporting date, through an internal tolerance check, which includes an assessment of profit per project basis and compares the carrying and estimated future costs to complete with the expected selling price per unit based on historical activities and available comparables in the surrounding location.

For the determination of the expected net realisable value of the development properties, Dar Al-Arkan extensively uses its management's subjective expertise and location knowledge together with comparable transactions recorded in the surrounding area for non-related arm's lengths transactions. The estimated mark-up arrived using these methodologies is disclosed as a percentage of net-margin over the carrying cost.

To neutralise data risk, Dar Al-Arkan also estimates the potential uplift in value of its development properties by using the Accounting Rate of Return (**ARR**). Under the ARR method, Dar Al-Arkan estimates the return from assets considering future revenue streams, development costs and all directly attributable costs including financing cost, market risk and targeted profit. These assumptions and estimates are reviewed periodically based on the market conditions existing at the end of every reporting period.

Determination of control, joint control and significant influence

Subsidiaries are all investees over which Dar Al-Arkan has control. Management considers that it controls an investee when Dar Al-Arkan is exposed to or has rights to the majority of the variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

The determination as to whether Dar Al-Arkan has control depends on the way decisions regarding the relevant activities are made and the rights Dar Al-Arkan has in relation to the investees. It is generally presumed that Dar Al-Arkan could exercise significant influence when Dar Al-Arkan owns a 20 per cent. shareholding in the relevant

investee. However, detailed evaluation and judgements are required for each investee, particularly when Dar Al-Arkan owns shareholding and voting rights of more or less than 20 per cent. to assess whether Dar Al-Arkan has 'significant influence' over such investees.

OVERVIEW OF THE KINGDOM

The information in this section has been derived from a number of different identified sources. The Trustee and Dar Al-Arkan confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from the information published by each of the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Background

The Kingdom, situated in the south-western part of Asia, comprises almost four-fifths of the Arabian Peninsula, an area approximately one-third the size of the continental United States. The Kingdom is the largest country in the GCC and the second-largest Arab country. The modern Kingdom was declared in 1932 by King Abdulaziz bin Abdul Rahman Al Saud (**King Abdulaziz**). The capital of the Kingdom is Riyadh.

Since the discovery of oil fields in the eastern region along the coast of the Arabian Gulf in 1938, the Kingdom has experienced rapid growth and is now a leading producer of oil and natural gas. According to GASTAT data, in the year ended 31 December 2022, the oil and gas sector accounted for approximately 32.7 per cent. of nominal GDP, and approximately 78 per cent. of export earnings. Apart from petroleum, the Kingdom's other natural resources include natural gas, iron ore, gold, and copper. According to OPEC's 2022 Annual Statistical Bulletin, as of 31 December 2021, the Kingdom possesses around 16.9 per cent. of the world's proven petroleum reserves (the second largest of any country in the world). In addition, the Kingdom was the world's third largest oil producer (accounting for 13.1 per cent. of the world's total oil production) and the world's largest oil exporter (accounting for 15.1 per cent. of the world's total oil exports by volume) in the year ended 31 December 2021.

According to the World Bank, the Kingdom had the 18th largest economy in the world and the largest economy in the GCC region in the year ended 31 December 2021. The Kingdom's economy accounted for 48.6 per cent. of the combined nominal GDP of the GCC countries in the year ended 31 December 2021. The Kingdom has a history of economic stability and a modern infrastructure. Since 2005, the Kingdom has gained membership in the WTO. The Kingdom joined the G20 in April 2009.

Geography

The Kingdom comprises a land area of approximately 2,150,000 square kilometres and is located in the Arabian Peninsula, a peninsula of south-west Asia situated north-east of Africa. The Kingdom has coastlines on the Red Sea to the west and the Arabian Gulf to the east. It is bordered in the north and north-east by Jordan and Iraq, in the east by Kuwait, Qatar and the UAE, in the south-east by Oman, in the south by Yemen, and is connected to Bahrain by the King Fahd Causeway. The Kingdom is the largest country in the GCC.

Most of the Kingdom consists of arid or semi-arid land. Uninhabitable desert covers nearly half of the country. Less than 2 per cent. of Saudi land is classified as arable, and less than 1 per cent. of the country's land is dedicated to permanent crops. The Kingdom has undergone rapid urbanisation in recent decades. According to the World Bank, as at 31 December 2022, 85 per cent. of the population of the Kingdom lives in cities, with approximately half the population of the Kingdom being concentrated in the six largest cities of Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam.

Government and legal framework

The Kingdom is a monarchy with a political system rooted in the traditions and culture of Islam. The Custodian of the Two Holy Mosques, the King of Saudi Arabia (the **King**), is the head of state. Royal Decree number A/90 dated 1 March 1992 (the **Basic Law of Governance**) provides that the Holy Quran and Sunnah (the teachings of the Prophet Muhammad (PBUH)) form the primary sources of law in the Kingdom. The Basic Law of Governance specifies that the King must be chosen from among the sons of the founding King, King Abdulaziz, and their male descendants.

In 2006, the Allegiance Council (*hay'at al-bay'ah*) was established, comprising: (a) the surviving sons of King Abdulaziz; (b) one son of each deceased/incapacitated son of King Abdulaziz; and (c) one son of the incumbent King and one son of the incumbent Crown Prince, both appointed by the incumbent King, to determine which member of the royal family will be the next King and the next Crown Prince. The current King, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, acceded to the throne on 23 January 2015. The current Crown Prince is His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, who also holds the positions of Prime Minister, Chairman of the Council for Economic and Development Affairs (the **CEDA**) and Chairman of the Council for Political and Security Affairs.

The King presides over the Council of Ministers (*Majlis al Wuzara*), which was established by Royal Decree in 1953. The Council of Ministers, as of the date of this Base Prospectus, comprises the Prime Minister, Ministers with portfolios and Ministers of State. The Council of Ministers is selected by the King. The Council of Ministers is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defence, finance, health and education.

The Kingdom is divided into 13 provinces, each of which has a governor and a provincial council. The provincial councils are empowered to determine the development needs of their respective provinces, make recommendations and request appropriations in the annual budget. The Kingdom's 13 provinces comprise Riyadh, Makkah, Medina, the Eastern Province, Asir, Al-Baha, Tabuk, Al-Qassim, Ha'il, Al-Jouf, the Northern Borders, Jizan and Najran. These provinces are further divided into 136 governorates, which are in turn sub-divided into municipalities. Pursuant to the Law of Regulation of Municipalities and Rural Areas, issued by Royal Decree No. 5/M in 2003, the term of each municipal council is two years and half of the members of any municipal council must be chosen by elections, while the other half are appointed by the Minister for Municipal and Rural Affairs and Housing. In 2015, women were allowed to stand for election to, and vote for the members of, the municipal councils.

Legal and Judicial System

Since the founding of the modem Kingdom in 1932, and in accordance with the Basic Law of Governance, *Shari'a* (Islamic law) has been the pillar and source of the Kingdom's basic system of Government, and is the paramount body of law in the Kingdom.

The *Shari'a* is comprised of a collection of fundamental principles derived from a number of different sources, which include the Holy *Qu'ran* and the Sunnah (the witnessed sayings and actions of the Prophet Mohammed (PBUH)). In addition to the *Shari'a*, Saudi Arabian law is also derived from enacted legislation that may not conflict with *Shari'a* principles. Legislation is enacted in various forms, the most common of which are Royal Orders, Royal Decrees, Council of Ministers' resolutions, High Orders, ministerial resolutions and ministerial circulars having the force of law. All such laws and regulations are ultimately subject to, and may not conflict with, the *Shari'a*, and each Saudi Arabian court or other adjudicatory authority is required to interpret such legislation accordingly.

The Kingdom's judicial system comprises the general courts, which have general jurisdiction over most civil and criminal cases, and specialised courts covering certain specific areas of law, including a system of administrative courts known as the Board of Grievances, a Specialised Criminal Court, and various adjudicatory or quasi-judicial committees with special jurisdiction over such matters as banking transactions, securities regulation, intellectual property, tax, electricity industry disputes and medical malpractice.

In 2007, the Government announced a restructuring of the judicial system, including the establishment of courts of appeal and a supreme court, as well as the merger of most special adjudicatory committees into the general courts, though exceptions were made for certain adjudicatory committees. The committees that are exempted from the 2007 reforms include the Banking Disputes Committee, the Committee for the Enforcement of the Banking Control Law and the Committee for Resolution of Insurance Disputes and Violations, each of which operates under the aegis of SAMA; the Committee for the Resolution of Securities Disputes, which operates under the aegis of the CMA; and the Committee for Resolution of Custom Duties Disputes. The 2007 reforms also proposed the transfer of jurisdiction over commercial disputes from the Board of Grievances to the commercial courts which have started to hear disputes of a commercial nature as of 22 September 2017 pursuant to the Circular of the Supreme Court of Justice No. T/967 dated 01/01/1439H (corresponding to 22 September 2017). As part of the ongoing restructuring of the judicial system, personal status courts, courts of appeal and a supreme court have already been established.

The Board of Grievances has exclusive jurisdiction to hear claims against Government bodies. Prior to March 2012, the Board of Grievances also had exclusive jurisdiction to consider the enforcement of foreign judgments and arbitral awards; however, with the enactment of the Enforcement Law in March 2012, this jurisdiction was transferred to newly-created "Enforcement Departments" staffed by specialised "enforcement judges". The Enforcement Departments may, at their discretion, enforce all or any part of a foreign judgment or arbitral award, subject to certain conditions, which include compliance of such judgment or award with public policy in the Kingdom. The Board of Grievances also has exclusive jurisdiction to supervise insolvency and bankruptcy proceedings relating to commercial entities was transferred to the Commercial Court, pursuant to the Bankruptcy Law issued pursuant to Royal Decree No. M/50 dated 28/05/1439H (corresponding to 14 February 2018) and its implementing regulations issued pursuant to the Council of Ministers Resolution No. 622 dated 24/12/1439H

(corresponding to 4 September 2018) and published in the official gazette on 30/12/1439H (corresponding to 10 September 2018), as amended, supplemented or restated from time to time.

In June 2017, a Royal Order was issued changing the name of the Bureau of Investigation and Public Prosecution to the Public Prosecution and establishing it as an independent government body that reports directly to the King, headed by a general prosecutor.

Vision 2030

In April 2016, the Government announced its new strategy, known as "Vision 2030", which sets forth a comprehensive agenda of socio-economic reforms with the aim of achieving fundamental economic, social and structural changes in the Kingdom by the year 2030. Vision 2030 is based upon three fundamental existing strengths of the Kingdom: (i) its importance in the Arab and Islamic world; (ii) its leading investment capabilities; and (iii) its unique strategic geographical location with the ability to connect the three continents of Asia, Europe and Africa.

The key objectives of Vision 2030 include the diversification of the Kingdom's economy and decreased reliance upon oil-related revenues through, among other measures, the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate and the transformation of the PIF into a sovereign wealth fund. The PIF intends to continue to assist the private sector with the establishment of capital intensive projects. In addition, Vision 2030 aims to reform Government services to increase transparency and accountability, as well as to expand the variety and scope of digital services offered by the Government in order to improve efficiency and reduce bureaucracy.

Vision 2030 focuses on three broad themes, each of which aims to capitalise on the Kingdom's existing strengths in its society, culture, heritage and economy. The three themes highlighted in Vision 2030 are Societal Development, Economic Reform and Effective Governance.

The Council of Ministers has delegated to the CEDA the overall responsibility for establishing and monitoring the measures required for the effective implementation of Vision 2030, and the CEDA has in turn established an integrated governance model to implement detailed programmes to attain the desired results.

For details on the several initiatives that have already been launched, or are anticipated to be launched in connection with the implementation of Vision 2030, see "*—Implementation of Vision 2030*" below. One of the key executive programmes that was launched in June 2016 in connection with the implementation of Vision 2030 is the NTP, which sets forth the objectives and detailed methodology, including clearly identified goals and targets, that are sought to be achieved in connection with the implementation of Vision 2030. For details on the NTP, see "*—The National Transformation Programme*" below. The Fiscal Sustainability Programme (previously named the Fiscal Balance Programme), launched in December 2016 in connection with the implementation of Vision 2030, is another key executive programme and set forth objectives and measures that were originally aimed at achieving a balanced budget by 2020. In December 2017, the Government revised the timeline for achieving a balanced budget in light of factors including local and global economic conditions and the expected fiscal and economic impact of certain planned initiatives and aims to achieve a balanced budget by 2023. In April 2017, CEDA, in connection with the implementation of Vision 2030, initially launched 10 new executive programmes, which, in addition to the NTP and the Fiscal Sustainability Programmes, are known as the Vision 2030 realisation programmes (see "*—Implementation of Vision 2030*" below).

Implementation of Vision 2030

The Government has already launched a number of programmes that seek generally to achieve the aims and objectives of Vision 2030, which include the following:

- *The Government Restructuring Programme:* This programme has, to date, included the consolidation of a number of existing Government bodies or councils under two newly-formed councils, the Council for Political and Security Affairs and the CEDA, with the intention of promoting greater efficiency and productivity between the various branches of Government and greater coordination between the respective ministries. A restructuring of various Governmental ministries and departments has also taken place.

- *The Fiscal Sustainability Programme:* This programme involves reviewing the Kingdom's existing capital expenditure, including the approval mechanisms relating to such expenditure, and its measurable economic impact. This programme envisages that further measures will be introduced with the aim of

achieving economic diversification and fiscal consolidation. The Fiscal Sustainability Programme sets forth objectives and measures for the achievement of a balanced budget by 2023. The Fiscal Sustainabiltiy Programme is a key component to developing a more effective government, by enabling additional scrutiny of government finances as well as contributing to key socio-economic objectives of Vision 2030, including facilitating additional investments in Vision 2030 programmes and reforms to the social welfare system.

- *The National Transformation Programme:* This first phase of this programme was launched by the Government in June 2016 and continued through 2020. The NTP establishes strategic objectives that are based on Vision 2030 and addresses various challenges involved in the implementation of Vision 2030 in accordance with the specified methodology and targets. As a result of the launch of the Vision 2030 realisation programmes, the Government is re-examining the scope of the NTP in order to eliminate overlaps between the NTP and other programmes and ensure that the NTP continues to meet the overall objectives of Vision 2030. The second phase of this programme commenced in 2021 and will continue through 2025 with the aim of creating an environment that enables the public and private sectors to achieve Vision 2030. For further details in respect of the NTP, see "*—The National Transformation Programme*" below.

- *The Regulations Review Programme:* This programme includes the review and update of several of the Kingdom's existing laws and regulations, in order to ensure that they accord with the Kingdom's stated goals and priorities. Such laws have included, among others, laws relating to companies, non-governmental organisations, fees on unused land and the General Authority for Endowments.

- *Enriching the Hajj and Umrah Experience Programme*: This programme aims to increase the number of people performing Hajj and Umrah including through the development of further infrastructure to support increased participation in Hajj and Umrah.

- *Lifestyle Improvement Programme*: This programme aims to increase participation in cultural, environmental and sporting activities.

- *National Companies Promotion Programme*: This programme aims to incentivise the growth and efficiency of a number of the most promising small and medium sized national companies and to create new job opportunities.

- *National Industrial Development Logistics Programme (the **NIDLP**)*: This programme aims to position the Kingdom as a logistics hub that benefits from its location at the intersection of three continents through improving infrastructure and developing logistics services. The delivery plan for the NIDLP was approved on 15 July 2017 and the programme was officially launched on 28 January 2019. The NIDLP's objective is to develop the industry, mining, energy and logistics sectors in the Kingdom, which in turn is expected to support job generation, increase non-oil exports, reduce imports, raise the contribution of these sectors to the Kingdom's GDP and attract foreign investments.

- *The Housing Programme*: This programme aims to facilitate increased private home ownership through the development of the residential and construction sectors.

- *The PIF Programme*: This programme envisages the refinement of the PIF's investment capabilities, enabling it to manage a broader portfolio of assets with the aim of transforming the PIF into an active sovereign wealth fund.

- *Strategic Partnerships Programme*: This programme aims to build and deepen strategic economic partnerships with selected countries that have the capacity to contribute to Vision 2030. It aims also to build partnerships in the GCC and the region by facilitating the movement of people, goods and capital.

- *Financial Sector Development Programme*: This programme aims to increase the size, depth, and development of the Kingdom's capital markets, improve operators and users' experiences as well as the status of the Kingdom's capital markets regionally, with the aim of making the Kingdom's capital markets the primary market in the Middle East and one of the most respected markets internationally. The programme aims to help create an advanced market that attracts local and foreign investors, which enables it to take on a pivotal role in developing the national economy and diversifying sources of income.

- *Privatisation Programme*: This programme aims to identify sectors suitable for privatisation and to implement a comprehensive privatisation programme.

In addition to the programmes outlined above, each of which have already been initiated and are at various stages of implementation, the Government is proposing to launch additional programmes that are intended to assist in achieving the aims of Vision 2030. These programmes include the Saudi Aramco Strategic Transformation Programme, a programme that envisages the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate, for example through Saudi Aramco's acquisition of PIF's 70 per cent. stake in SABIC in June 2020.

National Transformation Programme

The first phase of the NTP (2016-2020) was launched in June 2016 across 24 governmental bodies operating in the economic and development sectors. At the time of its launch, the NTP included 16 ministries (including all the ministries represented in the CEDA) as well as eight governmental organisations closely connected with the overall objectives of Vision 2030 (such as the Ministry of Tourism (formerly known as the Saudi Commission for Tourism and National Heritage), the Royal Commission for Jubail and Yanbu, the Government and the Ministry of Investment (**MISA**) (formerly known as the Saudi Arabian General Investment Authority) and the King Abdulaziz City for Science and Technology, among others).

In the current phase of the NTP (2021-2025), the programme will continue developing the required infrastructure, enhancing social development, ensuring the sustainability of vital resources, achieving governmental operational excellence, supporting digital transformation and increasing the attractiveness of the labour market in order to create an environment that enables the public and private sectors to achieve Vision 2030. The programme will also deliver the strategic objectives that were previously assigned to the National Companies Promotion Programme and Strategic Partnerships Programme by contributing to the development of the private sector and developing economic partnerships. It is important to note that several strategic objectives have been transferred from and to existing or new programmes.

The Kingdom's Position in the International Community

As the only Arab nation member of the G20, an international forum for the governments of 20 major economies, and a founding member of several major international organisations, including the UN and OPEC, the Kingdom plays an important role in the global economy and international trade and diplomatic relations. Furthermore, as a founding member of the GCC, the Muslim World League, the Organisation of Islamic Cooperation (the **OIC**) and the Islamic Development Bank (each of which is headquartered in the Kingdom) as well as the Arab League, the Kingdom has also assumed a leadership position among both Arab countries and the broader Muslim world.

The Kingdom is also a member of the IMF, the African Development Bank Group, the Asian Infrastructure Investment Bank and the European Bank for Restructuring and Development (the **EBRD**). The EBRD's mandate has recently been expanded to invest and promote private initiatives in certain Arab countries in the Middle East and North Africa region.

The Kingdom joined the World Bank Group in 1957, and is one of the larger shareholders of the World Bank among its 189 member countries. In recognition of its contributions to the global economy and international development, the Kingdom achieved the status of a 'single-country constituency' on the World Bank's Executive Board (the **Executive Board**) in 1986. The Kingdom is represented at World Bank meetings by its executive director and engages in direct consultations and negotiations with other executive offices with the aim of achieving the World Bank's primary objective of reducing global poverty. From time to time, the Kingdom's executive director has served as the chair of the Executive Board's standing committees, and several of the past Saudi executive directors have served as dean of the Executive Board.

The Kingdom acceded as a member of the WTO in November 2005, as a result of which the Government has implemented various structural reforms in order to create a more liberal trade regime and business-friendly environment. In addition to the WTO, the Kingdom is party to a number of multilateral business and trade related agreements, including the Convention Establishing the Multilateral Investment Guarantee Agency; the Inter-Arab Investment Guarantee Corporation; the UN Guiding Principles on Business and Human Rights; and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The Kingdom is also party to a number of trade and economic agreements aimed at promoting trade and economic development, including the Arab Economic Unity Agreement; the Arab League Investment Agreement; the League of Arab States Investment and the Agreement on Promotion, Protection and Guarantee of Investments among the Member States of the OIC.

The Kingdom plays a key role in the international fight against terrorism. The Kingdom is a member and an active participant in a number of international organisations and treaties pertaining to anti-money laundering and combatting the financing of terrorism. In December 2015, the Government announced the establishment of an intergovernmental military alliance of 34 countries based at a joint command centre in Riyadh, the primary objective of which is to combat terrorist organisations, including Da'esh, in line with UN and OIC initiatives on counter-terrorism.

The Kingdom is also a member of the International Chamber of Commerce, the World Intellectual Property Organisation, the Greater Arab Free Trade Area, the International Organisation of Securities Commissions and the Organisation for the Prohibition of Chemical Weapons.

As at the date of this Base Prospectus, the Kingdom has entered into bilateral economic, trade and technical cooperation agreements with 36 countries, which aim to develop economic, trade and technical cooperation and to enable the free inflow of goods, capital, and services and the free movement of individuals and investment between the contracting countries. As at the date of this Base Prospectus, the Kingdom has also entered into Avoidance of Double Taxation Agreements with 55 countries.

In addition, the Kingdom contributes significant amounts of development aid to other countries and institutions, including through the Saudi Fund for Development (the **SFD**). The SFD extends financings and credit support for the development of a range of projects in many developing countries, particularly in Asia and Africa, with a particular focus on the social infrastructure, agriculture, energy and industry sectors.

Economic overview

According to the World Bank, the Kingdom's economy is dominated by oil. Vision 2030, which was announced in 2016, promotes structural reforms targeting strong, sustained, inclusive, greener, and service-led growth in order to diversify the Kingdom's economy away from oil. The economy fell into a deep recession in 2020 in the aftermath of the twin shocks of COVID-19 and lower oil prices, creating large shortfalls in fiscal and external positions. While the oil sector impact of COVID-19 has accelerated the urgency to delink the path of the economy from the oil sector, the pandemic is also likely to change the nature of the services model in many countries, and oil will remain a valuable asset to finance the transformation and adaptation to this emerging model or any other non-oil growth model for the Kingdom.

According to the World Bank, the Kingdom had the 18th largest economy in the world and the largest economy in the GCC region in the year ended 31 December 2021. The Kingdom's economy accounted for 48.6 per cent. of the combined nominal GDP of the GCC countries in the year ended 31 December 2021.

GDP

Based on GASTAT's preliminary figures for 2022, the Kingdom's real GDP was SAR 2,975 billion (U.S.$793.3 billion) in the year ended 31 December 2022, representing an increase of 8.7 per cent. in real terms as compared to real GDP of SAR 2,736 billion (U.S.$729.5 billion) in the year ended 31 December 2021, which represented an increase of 3.9 per cent. in real terms as compared to real GDP of SAR 2,632 billion (U.S.$701.9 billion) in the year ended 31 December 2020. The growth in GDP for 2022 was largely attributable to a combination of higher oil prices and a return to growth in the non-oil economy.

Based on GASTAT'S preliminary figures for 2022, the Kingdom's total nominal GDP was SAR 4,156 billion (U.S.$1,108.1 billion) in the year ended 31 December 2022, an increase of 27.6 per cent. as compared to SAR 3,257 billion (U.S.$868.5 billion) in the year ended 31 December 2021, which was an increase of 18.3 per cent. as compared to SAR 2,754 billion (U.S.$734.4 billion) in the year ended 31 December 2020.

The Oil Sector

According to OPEC's 2022 Annual Statistical Bulletin, as of 31 December 2021, the Kingdom possessed around 16.9 per cent. of the world's proven petroleum reserves (the second largest of any country in the world). In addition, the Kingdom was the world's second largest oil producer (accounting for 13.1 per cent. of the world's total oil production) and the world's largest oil exporter (accounting for 15.1 per cent. of the world's total oil exports by volume) in the year ended 31 December 2021. According to GASTAT data, in the year ended 31 December 2022, the oil and gas sector accounted for approximately 32.7 per cent. of nominal GDP, and approximately 78 per cent. of export earnings. Apart from petroleum, the Kingdom's other natural resources include natural gas, iron ore, gold and copper. Since oil was first discovered in the Kingdom in 1938, the Kingdom's economy has expanded rapidly, principally due to the revenues generated from the export of crude oil

and related products. While the oil industry has historically dominated, and continues to be the largest part of, the Kingdom's economy, for the past several years the Kingdom has also been concentrating on the diversification of its economy. These efforts have gained special importance following the sustained fall in oil prices from 2014 and current concerns around the sustainability of the higher oil prices observed since mid-2021.

According to GASTAT data, the Kingdom's GDP in real terms (at constant 2010 prices) increased by 8.7 per cent. to SAR 2,975 billion (U.S.$793.3 billion) during 2022 from SAR 2,736 billion (U.S.$729.5 billion) in the year ended 31 December 2021. This major improvement was attributable to an increase in oil activities by 15.4 per cent. and an increase in non-oil activities and government services activities by 5.4 per cent. and 2.2 per cent. respectively. All economic production activities increased in 2022 in real terms compared to 2021: agriculture, forestry and fishing industries increased by 3.9 per cent., manufacturing industries increased by 7.9 per cent., mining (other than oil and gas) increased by 6.6 per cent., utilities increased by 2.2 per cent., construction increased by 4.5 per cent., wholesale and retail trade, restaurants and hotels increased by 5.1 per cent., transport, storage and communication increased by 9.1 per cent., real estate increased by 1.3 per cent., finance, insurance and business services increased by 4.9 per cent. and community, social & personal services increased by 5.1 per cent.

Based on GASTAT's preliminary figures for 2022, the non-oil sector of the economy contributed 56.8 per cent. and 59.0 per cent. to the Kingdom's real GDP in the years ended 31 December 2022 and 2021, respectively, and grew by 4.8 per cent. and 5.7 per cent. in real terms in the same time periods, with part of such growth being attributable to growth of 5.3 per cent. and 7.4 per cent. in real terms in the non-oil private sector in the years ended 31 December 2022 and 2021, respectively.

The oil sector continues to constitute the largest portion of the Kingdom's economy. The oil sector accounted for 39.6 per cent. and 37.3 per cent. of the Kingdom's real GDP in the years ended 31 December 2022 and 2021, respectively, while oil revenues accounted for 68.2 per cent. and 58.2 per cent. of total Government revenues in the fiscal years 2022 and 2021, respectively. Oil exports accounted for 78 per cent. and 73.2 per cent. of the Kingdom's total exports by value in 2022 and 2021, respectively.

In the year ended 31 December 2022, the Kingdom's average oil production was 11.5 million barrels per day, compared to 10.9 million barrels per day, 11.0 million barrels per day and 11.8 million barrels per day in the years ended 31 December 2021, 2020 and 2019, respectively. The increase in the Kingdom's total crude oil production during 2022 was principally due to a recovery in the international oil markets following the peak of the COVID-19 pandemic.

The following table sets forth the yearly average OPEC Reference Basket price (a weighted average of prices per barrel for petroleum blends produced by the OPEC countries) and the monthly spot price per barrel of Arabian Light Crude Oil (which is one of the types of crude oil produced by Saudi Aramco and constitutes part of the OPEC Reference Basket) in each of the years indicated.

	Year ended 31 December													
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2000**
	(***U.S.$ per barrel***)													
OPEC Reference Basket price	100.08	69.89	41.47	64.04	69.78	52.43	40.76	49.49	96.29	105.87	109.45	107.46	77.45	27.60
Arabian Light Crude Oil price	86.75	70.65	41.91	64.96	70.59	52.59	40.96	49.85	97.18	106.53	110.22	107.82	77.82	26.81

Source: OPEC

As illustrated by the data above, international oil prices have fluctuated significantly over the past two decades. For example, the OPEC Reference Basket price declined from a monthly average of U.S.$107.89 per barrel in June 2014 to a monthly average of U.S.$26.50 per barrel in January 2016, before partially recovering to a monthly average of U.S.$62.92 in June 2019. In 2020, the yearly average OPEC Reference Basket price per barrel was U.S.$41.47, reflecting a sharp fall in April 2020 driven by OPEC actions and significantly reduced demand as a result of COVID-19 and a slow recovery throughout the remainder of the year. Oil prices generally rose over the course of 2021 and 2022, with the average OPEC Reference Basket price increasing from U.S.$54.38 per barrel in January 2021 to U.S.$79.68 per barrel in December 2022, reaching a peak of U.S.$117.72 in June 2022 attributable to a number of factors, including, but not limited to, production cuts by OPEC and partners to counter

falling oil prices as a result of the COVID-19 pandemic, the rebound in global oil demand as economies continued to recover from the impact of the COVID-19 pandemic and, most notably, the Russian invasion of Ukraine in February 2022. Oil prices have remained fairly stable since the start of 2023, with the OPEC Reference Basket stabilising between U.S.$71-88 in the first five months of 2023. 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 generally moved in line with these trends.

Until mid-2014, rising oil prices and production resulted in large external and fiscal surpluses for over a decade and, as a result, the Kingdom's public debt steadily decreased during that period. Accumulated fiscal surpluses enabled the Government to reduce its public debt by 93.5 per cent. from SAR 685.2 billion (U.S.$182.7 billion) in 2002 to SAR 44.3 billion (U.S.$11.8 billion) in 2014. As a consequence, the Kingdom's debt-to-GDP ratio decreased from 96.4 per cent. of nominal GDP in 2003 to 1.6 per cent. of nominal GDP in the year ended 31 December 2014, one of the lowest of any country in the world. However, given the significant contribution of the oil sector to the Kingdom's economy, the significant decline in global oil prices from mid-2014 until 2022 resulted in substantially lower oil exports by value and therefore lower Government revenues. This trend resulted in the Government increasing its use of domestic and international debt markets to support its domestic spending programmes and help finance the national budget deficit.

As of 31 December 2022, the Kingdom's total debt stood at SAR 990 billion (U.S.$264 billion), representing 25 per cent. of nominal GDP, compared to SAR 938 billion (U.S.$250.1 billion), or 30 per cent. of nominal GDP as of 31 December 2021, with SAR 559 billion (U.S.$149.1 billion) in domestic debt and SAR 379.3 billion (U.S.$101.2 billion) in external debt. In 2022, the majority of SAR 125 billion (U.S.$33.3 billion) of borrowings was raised domestically with roughly 15 per cent. raised internationally.

The Government recorded a budget surplus of SAR 104 billion (U.S.$27.7 billion), equivalent to 2.6 per cent. of the Kingdom's nominal GDP for the year ended 31 December 2022. The Kingdom's total revenue in 2022 reached SAR 1,268 billion (U.S.$338.1 billion), an increase of 31 per cent. from SAR 965 billion (U.S.$257.3 billion) in 2021. This improvement in budget surplus from a budget deficit of 2.3 per cent. in 2021 was mainly due to a major increase in government revenues by 31 per cent., in turn boosted by higher oil prices and an increase in revenue from non-oil activities.

As of 31 December 2022, the Government's reserve assets amounted to SAR 1,724 billion (U.S.$459.8 billion). Moreover, with a national budget surplus expected for 2023, Government borrowing levels are not anticipated to increase significantly at the present time.

Inflation

The inflation rate in the Kingdom was 3.3 per cent. in the year ended 31 December 2022, compared to 1.2 per cent. and 5.3 per cent. in the years ended 31 December 2021 and 2020, respectively. The following table sets forth the consumer price index and the percentage change, year-on-year, of consumer prices in the Kingdom for each of the years ended 31 December 2022, 2021 and 2020, respectively.

	Year ended 31 December		
	2022	**2021**	**2020**
Consumer Price Index[(1)]	107.0	104.4	101.3
Consumer Price Index Change (%)	2.5	3.1	3.4

Source: GASTAT

Note:

(1) Consumer Price Index based on 2018=100

The annual consumer price index for 2022 increased by 2.5 per cent. compared to 2021, mainly influenced by the rise in food and beverages prices by 3.7 per cent. and transport prices by 4.1 per cent., which are each largely weighted in the index. Food and beverage prices increased mainly due to increased food prices of 4 per cent., which in turn were influenced by a rise in meat and poultry prices of 4.2 per cent., as well as vegetable prices of 4.8 per cent. The increase of 4.1 per cent. in transport prices was largely due to the increase in vehicle purchase prices by 3.7 per cent.

Population and demographics

The population of the Kingdom was estimated by GASTAT to be 34 million as of 1 July 2021, representing a decrease of 2.6 per cent. as compared to 35 million as of 1 July 2020. According to SAMA data, Saudi nationals

comprised 21.7 million, or 63.6 per cent. of the total population, and non-Saudi nationals comprised 12.4 million, or 36.4 per cent. of the total population as of 1 July 2021. The Kingdom has a young population, with 66 per cent. of Saudi nationals being under the age of 35 and 30 per cent. under the age of 15 according to GASTAT's Saudi Youth in Numbers 2021 report. The following table sets forth the Kingdom's population estimates as of 1 July 2021, 2020, 2019, 2018 and 2017, respectively.

	As of 1 July				
	2021	**2020**	**2019**	**2018**	**2017**
Saudi nationals	21,690,648	21,430,128	21,103,198	20,768,627	20,427,576
Male	*11,028,006*	*10,907,568*	*10,743,666*	*10,575,895*	*10,404,865*
Female	*10,662,642*	*10,522,560*	*10,359,532*	*10,192,732*	*10,022,711*
Non-Saudi nationals	12,420,173	13,583,286	13,114,971	12,645,033	12,185,270
Male	*8,335,650*	*9,323,857*	*8,995,390*	*8,665,061*	*8,341,557*
Female	*4,084,523*	*4,259,429*	*4,119,581*	*3,979,972*	*3,843,713*
Total population	**34,110,821**	**35,013,414**	**34,218,169**	**33,413,660**	**32,612,641**
Population growth (annual %)	**-2.6**	**2.3**	**2.4**	**2.5**	**2.6**

Source: SAMA Annual Statistics (2021)

The non-Saudi portion of the Kingdom's total population comprises expatriates from neighbouring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh, Indonesia and the Philippines), Europe, the Americas and other countries around the world. The official language of the Kingdom is Arabic, although English is widely spoken.

Employment

Based on estimates of GASTAT's Labor Force Survey 2022, as of 31 December 2022, the unemployment rate among Saudi nationals was 8 per cent., a decrease of 3 per cent. as compared to the unemployment rate as of 31 December 2021. As of 31 December 2022, the total labour force in the Kingdom was 14.8 million, of which 11.8 million, or 81.1 per cent., was male and 2.8 million, or 18.9 per cent., was female.

Key labour market indicators improved among Saudi nationals in 2022. As of 31 December 2022, the unemployment rate among Saudi females decreased by 7.1 per cent. compared to 2021. This large decrease in the unemployment rate was the result of a 1.0 per cent. increase in labour force participation, to 37.0 per cent., coupled with a growth in the employment-to-population ratio of 1.0 per cent. to 30.4 per cent. As of 31 December 2022, the unemployment rate among Saudi males decreased by 1.0 per cent. compared to 2021. This decrease in the unemployment rate was the result of a 1.2 per cent. increase in labour force participation, to 65.7 per cent., coupled with a growth in the employment-to-population ratio of 1.1 per cent. to 68.5 per cent.

Interest rate development

SAIBOR has fluctuated in recent years from 2.4510 per cent. as at 31 December 2018, 2.6318 as at 31 December 2019, 1.1900 per cent. as at 31 December 2020, 0.8100 as at 31 December 2021 and 3.1254 as at 31 December 2022.

The reverse repo rate was increased by SAMA in December 2016 from 50 basis points to 75 basis points, as a response to an increase in interest rates in the United States by the U.S. Federal Reserve, from 75 basis points to 150 basis points in December 2017 and to 250 basis points in December 2018, as a response to developments in international financial markets. The reverse repo rate was decreased to 225 basis points in August 2019.

On 3 March 2020, SAMA reduced the repo rate by 0.50 per cent. to 1.7500 per cent. and on 16 March 2020, further reduced it by 0.75 per cent. to 1.00 per cent. SAMA also reduced the reverse repo rate on 3 March 2020 by 0.50 per cent. to 1.2500 per cent. and on 16 March 2020, further reduced it by 0.75 per cent. to 0.50 per cent. The cuts were implemented as a measure to preserve monetary stability given evolving global developments and following the U.S. Federal Reserve's benchmark interest rate cut.

From historically low levels in 2021, SAMA began to raise its rates in line with the rate increases made by the US Federal Reserve. In tandem, SAMA has also raised repo rates ten times since 2022, from 1 per cent. in March 2022 to 5.75 per cent. as at 31 May 2023. Three-month SAIBOR has also passed the 4 per cent. mark in 2023 to reach its highest level in 14 years.

The following table sets forth the monthly average SAIBOR, repo rate and reverse repo rate as at 31 December in each of 2022, 2021, 2020, 2019, and 2018.

	Year ended 31 December				
	2022	**2021**	**2020**	**2019**	**2018**
SAIBOR (three-month average)	3.1254	0.8100	1.1900	2.6318	2.4510
Repo rate	5.0000	1.0000	1.0000	2.2500	3.0000
Reverse repo rate	4.5000	0.5000	0.5000	1.7500	2.5000

Source: SAMA

Stock market

On 19 March 2007, the Council of Ministers approved the formation of the Saudi Arabian Stock Exchange (**Tadawul**). According to data published by the World Federation of Exchanges as of 31 December 2020, Tadawul was the largest stock exchange in the MENA region in terms of market capitalisation, and is also one of the most diversified, with its listed companies covering a range of sectors, including petrochemicals, retail, financial services, construction and telecommunications, providing potential investors with investment opportunities in a wide variety of sectors.

The following table sets forth various stock market indicators in respect of Tadawul for each of the years ended 31 December 2022, 2021, 2020, 2019 and 2018 respectively.

	Year ended 31 December				
	2022	**2021**	**2020**	**2019**	**2018**
	(*SAR billions, unless otherwise indicated*)				
Number of shares traded[(1)] (billions)	45.1	68.5	80.0	33.9	38.0
Value of shares traded	1,708	2,236	2,088	880	871
Market capitalisation	9,878	10,009	9,102	9,025	1,859
Number of executed transactions (millions)	87.90	91.87	76.69	28.40	25.01
Tadawul All-Share Index	10,478	11,282	8,690	8,389	7,827

Source: Tadawul

(1) Historical prices & volume traded data were adjusted to account for all corporate actions during the year.

According to data published by Tadawul, 18 companies and funds conducted initial public offerings during the year 2022. As of 31 December 2022, the total number of listed companies on Tadawul reached 223 with a total market capitalisation of SAR 9,878 billion (U.S.$2,634 billion), a decrease of 1.31 per cent. compared to a total market capitalisation of SAR 10,009 billion (U.S.$2,669 billion) as of 31 December 2021. As of 31 December 2022, the Tadawul All-Share Index stood at 10,478, a decrease of 7.12 per cent. compared to 11,282 as of 31 December 2021.

Credit rating

The Kingdom has been assigned credit ratings by Moody's and Fitch Ratings Limited (**Fitch**). Standard & Poor's Credit Market Services Europe Limited (**S&P**) also assigns a credit rating to the Kingdom on an unsolicited basis. The following table sets forth the credit rating assigned to the Kingdom by each of these rating agencies as of the date of this Base Prospectus:

	Moody's	**Fitch**	**S&P (unsolicited)**
Long-term foreign currency	A1	A+	A
Outlook	Positive	Stable	Stable

The current credit ratings assigned to the Kingdom by Moody's, Fitch and S&P reflect an upgrade by each of these credit ratings agencies of the Kingdom's ratings from, in the case of Moody's, from A1 (stable) to A1 (positive) on 17 March 2023, in the case of Fitch, from A (positive) to A+ (stable) on 5 April 2023 and, in the case of S&P, from A- (positive) to A (stable) on 17 March 2023.

Each of Fitch and Moody's is established in the UK and is registered in accordance UK CRA Regulation. S&P is established in the European Union and is registered under the CRA Regulation. Each of Fitch and Moody's is included in the list of credit rating agencies published by the UK Financial Conduct Authority on its website in

accordance with the UK CRA Regulation. S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Foreign investment

The Saudi Arabian Foreign Investment Law issued pursuant to Royal Decree No. M/1 dated 05/01/1421H (corresponding to 10 April 2000) (as amended, the **Foreign Investment Law**) requires all foreign investment in the Kingdom to be licensed by the MISA. Foreign investments are not permitted for those areas expressly excluded by a list (referred to as the **negative list**) issued by the Council of Ministers in accordance with Article 3 of the Foreign Investment Law. The negative list is regularly updated. As part of its effort to attract foreign investment, the Kingdom acceded to the WTO in December 2005. The MISA has the jurisdiction to license foreign investment in the Kingdom, in addition to the licensing of particular types of investment which are entrusted to other agencies (for example, power generation and health care).

In a move aimed at attracting foreign investment and further strengthening the Kingdom's capital markets, in June 2015, the CMA published the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (the **QFI Rules**) which allow Qualified Foreign Investors (**QFIs**) to directly invest in shares listed on Tadawul in accordance with the applicable regulations. The QFI Rules have since been amended on several occasions to further encourage participation by foreign investors by expanding the definition of a 'qualified foreign institution' and relaxing certain ownership thresholds and limits. The opening of Tadawul to foreign investors was intended to support increased participation by institutional investors and thereby reduce market volatility as well as encourage Saudi companies listed on Tadawul to adopt international best practices and benefit from the input of sophisticated foreign institutions. In March 2018, FTSE Russell announced that Tadawul would be classified as a "Secondary Emerging Market" in the FTSE Global Equity Index Series from its previous status of "Unclassified". Tadawul was included in MSCI's Emerging Market Index in two phases in May 2019 and August 2019 and its status upgraded to "Emerging Market" status from its previous status of "Standalone Market".

In 2020, the Government approved the listing of government assets planned for privatisation through a direct or indirect initial public offering on Tadawul.

Vision 2030 envisages several measures aimed at attracting foreign investment and enhancing the confidence of foreign investors in the Kingdom's economy, including the streamlining of the visa regime applicable to business visitors, and the NTP has assigned to the MISA specific targets relating to increase in foreign investment in the Kingdom. The MISA, in coordination with a number of other Government institutions and ministries, has also launched the 'National Investment Plan', which aims to contribute to the diversification of the economy and increase productivity by attracting foreign investment in specified sectors with well-established investment opportunities.

OVERVIEW OF THE REAL ESTATE SECTOR IN THE KINGDOM

The information in this section has been derived from a number of different identified sources. The Trustee and Dar Al-Arkan confirm that such information has been accurately reproduced and that, so far as they are aware, and are able to ascertain from the information published by each of the relevant sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Overview

The Saudi real estate sector has grown steadily in recent years, benefiting from growing demand for residential and commercial properties as a result of the increasing population, changing demographics, the growing hotel and tourism industry and higher personal disposable income.

The population of the Kingdom was estimated by GASTAT to be 34 million as of 1 July 2021, representing a decrease of 2.6 per cent. as compared to 35 million as of 1 July 2020. According to SAMA data, Saudi nationals comprised 21.7 million, or 63.6 per cent. of the total population, and non-Saudi nationals comprised 12.4 million, or 36.4 per cent. of the total population as of 1 July 2021. The Kingdom has a young population, with 66 per cent. of Saudi nationals being under the age of 35 and 30 per cent. under the age of 15 according to GASTAT's Saudi Youth in Numbers 2021 report. According to estimates by the IMF, the population of the Kingdom will continue to grow at a rate of 2 per cent. per annum. The IMF estimates that the Kingdom's population will reach 37.4 million by 2024 and approximately 43.2 million by 2050.

Although the Saudi population is increasing, average household sizes are declining. Together with the population increase, the Kingdom has undergone rapid urbanisation in recent decades and, according to the World Bank, as at 31 December 2022, 85 per cent. of the total population of the Kingdom lives in cities, with approximately half the population being concentrated in the six largest cities of Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam. Average annual housing demand is anticipated to grow from 99,600 units in 2021 to 153,000 units by 2030 with an average of 124,000 units over the period. The housing market in the Kingdom is also currently witnessing an increase in PPPs as part of the Government's Housing Programme to attract more private sector investment in the housing sector.

Saudi Arabia currently faces a shortage of availability in the housing sector, particularly in the low to mid income levels. According to estimates by the MoMRAH and the REDF, the Kingdom will require an additional 1.2 million homes to reach a total housing stock of 4.96 million units by 2030. In February 2016, SAMA increased the limit on real estate financing provided by real estate financing companies from 70 per cent. to 85 per cent. of the value of a home (effectively reducing the minimum required down payment 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 November 2018, SAMA further increased the limit on real estate financing provided by real estate financing companies from 85 per cent. to 90 per cent. of the value of a first home (effectively reducing the minimum required down-payment on such a home from 15 per cent. to 10 per cent.).

The real estate sector in Saudi Arabia, including the housing market, which is a large part of the real estate sector, is driven by positive economic developments as well as favourable demographic fundamentals. Notwithstanding the continued volatility in global oil prices, Dar Al-Arkan expects that continued growth in other sectors of the Kingdom's economy is likely to drive continued growth in real estate development.

Development of the housing and real estate sector

The Housing Programme

Under Vision 2030, the Housing Programme was launched in 2018, with the aim of developing the housing sector to provide Saudi citizens with greater access to the housing market by expanding the availability of affordable housing and suitable financing options. This support is intended to increase the percentage of Saudi families that own residential properties in the Kingdom.

As a result of the current housing shortage in the Kingdom, one of the key objectives of the Government in recent years has been to develop the housing and real estate sector. For example, the first phase of the NTP (which was launched in 2016 (see "*Overview of the Kingdom*")) was intended by the Government to: (i) double the contribution of real estate activity to the Kingdom's economy to 10 per cent. by 2020, averaging out at a 7 per cent. annual growth; (ii) increase the percentage of Saudi families owning homes from 47 per cent. to 52 per cent. by 2020; (iii) increase the percentage of real estate financing to non-oil GDP from 8 per cent. to 15 per cent. by 2020; and (iv) reduce the waiting period for obtaining home financing from 15 years to five years by 2020. One

of the key objectives of the NTP has also been to strengthen the Government's partnership with the private sector in order to address the housing supply shortage in the Kingdom.

To date, the Housing Programme has achieved significant success as it has increased Saudi home ownership rates from 47 per cent. in 2016 to 60 per cent. in 2020. This rise in home ownership was achieved through meeting housing demand by expanding access to a sufficient quantity of quality housing through initiatives such as the Sakani platform. The Housing Programme has succeeded in stimulating supply in the housing sector through effective partnerships with the private sector, represented by real estate developers and house-builders, in addition to the establishment of the National Housing Company and the "*Etmam*" e-portal which was launched in 2017. The National Housing Company is a Saudi company owned by the MoMRAH, which facilitates the obtaining of approvals for project planning thereby expediting the planning permission process and improving the execution of the development process.

One of the central aims of the Government under the Housing Programme is to increase the percentage of Saudi families owning houses to 70 per cent. by 2030. It is expected that this will be accomplished by targeting the most underprivileged segments of society. The Housing Programme has also been involved in developing and improving regulations as well as regulatory and legislative activities, by establishing the General Authority for Real Estate to be the central regulatory entity for the real estate sector.

The MoMRAH has launched several initiatives in recent years which have focused on Saudi Arabia's housing sector, including the Wafi Programme, the Housing PPP Programme and the Ejar Programme. The Wafi Programme assists individuals in the purchase of off-plan properties while providing real estate developers with financing solutions. The Housing PPP Programme establishes partnerships between the Government and local and international real estate developers with the aim of increasing the housing capacity in the Kingdom and enhancing its quality. The Ejar Programme establishes an online platform which is linked to SAMA's electronic payment service (**SADAD**) and which is intended to protect the rights of all parties in a rental relationship (i.e., lessors, lessees and brokers).

Affordable Housing

The Government remains focused on supporting the least privileged of its citizens in their housing needs. The Government has overseen a number of noteworthy achievements, of which some of the most significant are:

- removing the requirement of waiting for Government housing support for 15 years and implementing a system of immediate entitlement through the "Sakani" platform and providing housing and financing solutions to 834,000 families, including 310,000 families who have already moved into their new homes. As at 31 December 2022, 684,000 families had so far benefitted;

- providing adequate housing for families most in need of Government support by providing more than 46,000 housing units in various regions of the Kingdom in partnership with the non-profit sector and more than 350 associations; and

- facilitating partnerships with the private sector by developing more than 141,000 housing units and strengthening the partnerships with banks and financial institutions to provide more than 420,000 subsidised real estate financings to Saudi citizens.

Real Estate Financing

The REDF has launched several financing programmes and solutions to increase home ownership among Saudi nationals, including the Additional Financing Programme, the Accelerated Loan Programme and the Dhamin Programme. In January 2017, the MoMRAH launched the Sakani initiative with the aim of providing assistance to Saudi nationals based on their income levels and the number of family members in each household. The Sakani programme also included nearly 280,000 residential and funding products for the allocation and delivery in all regions of the Kingdom. In addition, 75,000 residential plots of land were made available for construction, as well as 85,000 residential plots of land with the costs thereof to be subsidised by the Government in partnership with the REDF, and a number of banks and other financial institutions.

According to SAMA, financing disbursements approved by the REDF amounted to SAR 5 billion in 2020, down by 54.5 per cent. from 2019. Total outstanding financings amounted to SAR 155 billion at the end of 2020, a decline of 1.2 per cent. from 2019. According to REDF, as at February 2023, the total amount deposited in the

accounts of Sakani beneficiaries since the announcement of the transformation programme in June 2017 has exceeded SAR 45.3 billion (U.S.$12.1 billion).

The establishment of the SREFC pursuant to the Real Estate Finance Law (see below "*Real Estate Laws and Regulation*") has helped to expand the real estate sector by refinancing residential mortgages. SREFC has been partnering with mortgage originating institutions by providing short-, medium- and long-term financing solutions and also purchasing finance lease portfolios from these institutions in order to fund its operations and future growth.

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

Real Estate Laws and Regulation

Until 2012, there had been no specific laws governing the provision of home finance in the Kingdom. On 3 July 2012, five laws, which collectively comprise the real estate financing laws in the Kingdom, were approved by Royal Decrees: (i) the Real Estate Financing Law; (ii) the Finance Lease Law; (iii) the Finance Companies Control Law; (iv) the Execution Law; and (v) the Registered Real Estate Mortgage Law. The five laws provide a framework for companies to provide financing, including, but not limited to, real estate finance, general leasing finance and consumer finance under the Islamic principles of *Shari'a*.

The Real Estate Financing Law gives SAMA responsibility for the supervision of the real estate financing practice in the Kingdom. The Real Estate Financing Law requires a real estate financing company to obtain a special licence from SAMA permitting it to engage only in real estate financing activities. According to the Finance Companies Control Law, a real estate financing company may not engage in other types of financing activities. The Real Estate Financing Law also allows real estate financing companies to refinance their finance obligations through a securitization in accordance with the Capital Market Law.

The Finance Lease Law regulates the finance lease market in the Kingdom. It deals with moveable and immoveable assets which are the subject of finance leases and the registration of such leased assets. It also outlines the responsibilities of the lessor and the lessee in a *Shari'a*-compliant manner.

The Finance Companies Control Law regulates finance companies in the Kingdom. It provides that a finance company must be in the form of a joint stock company and that a certain percentage of the finance company must be offered through a public offering after two financial years. SAMA will also be responsible for determining the maximum foreign ownership allowance in the finance company.

The Execution Law gives power to execution judges to enforce judgments and supervise such enforcements. Specifically, execution judges are responsible for enforcing judicial resolutions issued by the competent courts, judicial authorities, arbitration tribunal, as well as, judgments and arbitral awards issued outside the Kingdom. Execution judges also have authority under the Execution Law to seek police support in relation to enforcement. The Execution Law provides for the method for enforcement of attachments and for the sale of assets through auctions or other methods depending on the type of asset.

Prior to the implementation of the Execution Law, the process for enforcing security was reserved for the municipalities, or the "*Imarah*", of the cities, which had the power to enforce judgments through ordering the police or any of the other relevant executive authorities to enforce judgments. It remains to be seen whether judges will allow the foreclosure of properties pursuant to the Execution Law, although if judges are to allow foreclosure, the procedure would need to be compliant with *Shari'a* principles.

The Registered Real Estate Mortgage Law requires the registration of real estate mortgages and provides that pledged assets be fully described in the mortgage contract to avoid uncertainty or the risk of fraud. The law gives the right to a mortgagee to apply to the courts to prevent any matters that may reduce the value of the collateral, while finance providers are given the right to request further security should the value of the collateral fall below the debt value as a result of the fault of the obligor. A mortgagee is also permitted transfer its mortgage to a third party. Given that the implementing regulations in respect of the Registered Real Estate Mortgage Law have not yet been published, there is uncertainty over the impact of the law on the real estate and mortgage industries in the Kingdom.

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

According to SAMA, the number of new residential real estate finance contracts submitted by banks and finance companies reached 154,400 contracts in 2022, compared to 201,500 contracts during 2021. The total value of such mortgage financings extended to customers in the Kingdom amounted to SAR 120.3 billion (U.S.$32.1 billion) in 2022 compared to SAR 152.5 billion (U.S.$40.7 billion) in 2021, recording a decrease of 21.2 per cent. This is the first annual decline in new residential real estate financing provided to individuals by banks since the publication of this data by SAMA.

However, retail and corporate real estate financings extended by banks continued their growth to SAR 687.8 billion, increasing by 21.0 per cent. or SAR 119.0 billion (U.S.$31.7 billion) in 2022, compared to a growth rate of 32.8 per cent. or SAR 140.4 billion (U.S.$37.5 billion) in 2021. Retail real estate financings recorded a rise of 23.3 per cent. or SAR 104.0 billion (U.S.$27.7 billion), to SAR 549.8 billion (U.S.$146.6 billion) in 2022, compared to an increase of 41.4 per cent. or SAR 130.6 billion (U.S.$34.9 billion) in the preceding year, accounting for 80 per cent. of total real estate financings at the end of 2022. Corporate real estate financings extended by commercial banks also rose by 12.1 per cent. or SAR 15.0 billion (U.S.$4.0 billion) to SAR 138.1 billion (U.S.$36.9 billion) in 2022, compared to a rise of 8.7 per cent. or SAR 9.9 billion (U.S.$2.6 billion) in the preceding year, accounting for 20 per cent. of total real estate financings.

Foreign Real Estate Ownership

In April 2022, it was announced that Saudi Arabia was proposing to repeal certain provisions of the Real Estate Ownership and Investment Law. The proposed amendments are intended to enhance the real estate sector in the Kingdom by attracting investment in new property developments and to stimulate growth in other economic sectors by non-Saudi nationals and non-Saudi owned businesses. A public consultation process with respect to the proposed amendments to the Real Estate Ownership and Investment Law took place in May 2022. In March 2023, the chief executive officer of the Real Estate General Authority announced that a new legal framework for foreign ownership of real estate in the Kingdom is in its final stages, and will be made public in a short period. It is expected that foreigners will be allowed to own real estate of all kinds including commercial, residential, and agricultural land and in all areas of the Kingdom, including Makkah and Madinah, in accordance with the regulations.

White Land Tax

The White Land Tax was approved by Royal Decree on 24 November 2015. This tax, along with a tax on high-end properties, is intended to discourage investment in land solely for capital appreciation purposes and to discourage speculative buying of land. It is intended that the law will encourage expenditure on low- 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 MoMRAH. The MoMRAH is responsible for valuing the land and collecting the tax, in addition to imposing fines for non-compliance. 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. Given its landbank locations and current projects under development, Dar Al-Arkan has not been subject to the White Land Tax to date.

As of 31 December 2022, Dar Al-Arkan's development properties consisted of SAR 20.71 billion (U.S.$5.52 billion) including project lands and properties of SAR 15.28 billion (U.S.$4.1 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.

Off-Plan Sales Regulations

In September 2017, the Council of Ministers approved a new set of regulations permitting the sale and lease of off-plan units in the Kingdom. The issuance of these new regulations is expected to increase off-plan sales significantly over time and will reduce execution risk to developers, increase developers' profitability and reduce capital outlay. For example, down payments will not be permitted to exceed 20 per cent. of the unit's value and must be made by cheque or bank transfer into escrow accounts, which can be accessed and monitored by authorities, however remain available to developers for the purpose of financing the building program. Dar Al-Arkan launched in May 2018 the first phase of the off-plan sales of units in the Shams Ar Riyadh development, multiple subsequent phases were launched in 2020. These off-plan sales, and related customer advances, will help

Dar Al-Arkan utilise less internal cash as well as less project finance debt to finance projects hence increasing its profitability.

Other initiatives designed to boost the real estate sector

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 down payment 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 further increased the limit on real estate financing provided by real estate financing companies from 85 per cent. to 90 per cent. of the value of a home (effectively reducing the minimum required down-payment on a home from 15 per cent. to 10 per cent.). The increase in the financing-to-value ratio has had the effect of increasing the level of mortgage financing in the Kingdom which, in turn, has enhanced the Kingdom's real estate sector. The establishment of the SREFC, a company owned by the Public Investment Fund, is also expected to encourage mortgage financing by refinancing residential mortgages up to an amount of SAR 1 billion in the coming years.

Value Added Tax and Real Estate Transaction Tax

On 1 January 2018, the Government began implementing value added tax (**VAT**) at a basic rate of 5 per cent. VAT was subsequently increased from 5 per cent. to 15 per cent. as of July 2020. However, following consultation between the Government and various stakeholders in the Kingdom, the Government decreed that real estate transactions were to be exempted from VAT as of 4 October 2020 and, instead, be subject to a real estate transaction tax (**RETT**) at a rate of 5 per cent. pursuant to Royal Decree No. (A/84) dated 1 October 2020. RETT is payable in respect of transactions involving any legal transfer of ownership or possession of Saudi Arabian real estate, including, but not limited to, contracts intended for the purpose of transferring the right of usage or the right to a long-term lease.

Each real estate transaction must be registered with the Saudi Arabian Zakat, Tax and Customs Authority, and RETT must be accounted for by the seller on each transaction separately. Certain real estate transactions are exempt from RETT, for example, disposals related to family or charitable endowments; dividing property for inheritance purposes; gifts between relatives up to the third degree; disposal of real estate in accordance with a legally documented will; disposals by a government entity acting in its capacity as a public authority, or a government agency or legal public body for public benefit; temporary disposals for the purpose of a guarantee for financing or credit or transferring between a fund and custodian; a contribution for shares of a company established in the Kingdom (except for joint stock companies), provided the shares are not disposed of within five years; disposals if one of the parties is a foreign government, international organisation, diplomatic or military body, or mission or a member of the diplomatic, consular or military corps accredited in Saudi Arabia, provided reciprocity applies.

BUSINESS

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 the design and construction of developments and marketing and sales. Dar Al-Arkan is a joint stock company registered in Riyadh. Dar Al-Arkan was initially incorporated as a limited liability company on 18 July 2000 and converted to a Joint Stock Company in 2005 under Ministerial decree number 1021 dated 17 July 2005 with commercial registration number 1010160195. The shares of Dar Al-Arkan are listed on the Main Market of the Saudi Exchange (**Tadawul**). Dar Al-Arkan's registered office is P.O. Box 105633, Riyadh, 11656, Saudi Arabia, and its telephone number is +966(11) 206 9888. In addition to its head office in Riyadh, Dar Al-Arkan has three branch offices located in Makkah, Jeddah and Medina.

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

- ***Properties Development***: which comprises: (i) land development projects; and (ii) residential and commercial projects;
- ***Asset Management***: which focuses on the leasing and management of Dar Al-Arkan's investment properties; and
- ***Investments***: which focuses on strategic investments in companies that are complementary to Dar Al-Arkan's real estate development operations.

As of the date of this Base Prospectus, the Properties Development business segment accounted for the significant majority of Dar Al-Arkan's business.

Dar Al-Arkan's business has evolved from buying and selling undeveloped land to the planning and developing of master communities. Dar Al-Arkan's current business model has diversified the business away from a near-exclusive reliance on real estate development in the Kingdom, towards developing an asset base that will generate recurring rental streams in each of its business segments in the future, as well as maintaining its focus on international real estate development. Since the launch of its first real estate development project in Dubai in December 2017 and the opening of its sales offices in Dubai and Sarajevo in June 2017 and September 2017, respectively, Dar Al-Arkan has continued to expand its presence in these markets through a growing portfolio of ten international projects in the UAE, Qatar, Oman, Spain and the UK, as well as the opening of a new sales office in Beijing, China, in February 2022.

The table below shows Dar Al-Arkan's revenue, gross profit and net income for each of the years ended 31 December 2020, 2021 and 2022, and for each of the three-month periods ended 31 March 2022 and 2023.

	31 December (Audited)			31 March (Unaudited)	
	2020	**2021**	**2022**	**2022**	**2023**
			(SAR thousand)		
Revenue	1,944,854	2,493,078	3,925,499	1,619,339	764,323
Gross Profit	674,650	896,728	1,457,587	562,779	300,840
Net Income	18,794	132,520	441,720	221,018	117,625

History and development

Below is a summary of the key stages of Dar Al-Arkan's development:

Stage I (1994 to 1999)

Dar Al-Arkan was formed in 1994 by members of the following six prominent business families in the Kingdom: (i) Al Shelash; (ii) Al Hethloul; (iii) Al Roumi; (iv) Al Jarallah; (v) Al Kasem; and (vi) Al Babteen. Dar Al-Arkan primarily operated in the Central region of the Kingdom during its initial years of operations. During this period Dar Al-Arkan began to monitor market dynamics, develop business processes and conduct market research. Dar Al-Arkan's operations during this period primarily consisted of purchasing large plots of undeveloped land and planning and developing basic infrastructure for residential and commercial use, such as water, sewage, electricity and other utilities, as well as paved streets and sidewalks. Dar Al-Arkan then typically sold the semi-developed land to third party investors or developers. The development and sale of residential units was limited during this period.

Stage II (2000 to 2006)

During this period, Dar Al-Arkan's business began to expand to the Western and Eastern regions of the Kingdom. In addition to developing basic infrastructure on undeveloped land to sell to third parties, there was a gradual shift toward developing and selling residential units, particularly for the middle-income segment of the market. Dar Al-Arkan was also incorporated as a limited liability company on 18 July 2000. In 2005, Dar Al-Arkan increased its share capital from SAR 140 million (U.S.$37.33 million) to SAR 5.40 billion (U.S.$1.44 billion) through a private placement in the Saudi domestic market and it converted to a Joint Stock Company in 2005 under Ministerial decree number 1021 dated 17 July 2005.

By 2005, Dar Al-Arkan operated in all three of the major regions of the Kingdom (Eastern, Western and Central) and it continued to expand operations relating to the development and sale of residential units. In 2006, Dar Al-Arkan significantly increased the scope of its projects when it began developing Parisiana (formerly known as Al-Qasr), its first master-planned community.

Stage III (2007 to 2010)

During this period, Dar Al-Arkan continued to expand the scope of its development operations, in particular, by developing master-planned communities. In 2007, Dar Al-Arkan began development of the Shams Ar Riyadh project, its second master-planned community.

In December 2007, Dar Al-Arkan listed its ordinary shares on the main market of Tadawul, and its founding shareholders offered the equivalent of 11.01 per cent. of Dar Al-Arkan's then outstanding shares to the public through an initial public offering of Dar Al-Arkan's ordinary shares in the Kingdom. Dar Al-Arkan increased its capital again in October 2008 and July 2009 by issuing to its shareholders 180 million and 360 million bonus shares of par value of SAR 10 each, respectively. To fund the growth of its operations, Dar Al-Arkan began to access the domestic and international capital markets. Dar Al-Arkan raised funds through three offerings of sukuk, two international offerings in 2007 for U.S.$600 million and U.S.$1 billion, and one domestic offering in May 2009 for SAR 750 million (U.S.$200 million).

Stage IV (2010 to 2017)

As a result of the negative impact of the international credit crisis on the global financial markets and the resultant deterioration in the global economic outlook, which led to a general reduction in liquidity and available financing, Dar Al-Arkan prioritised building its cash reserves in order to ensure that it had sufficient funds available to meet its financial commitments as they fell due.

During this period, Dar Al-Arkan repaid four international offerings and one local offering of sukuk, a SAR 2.25 billion (U.S.$600 million) international sukuk which matured in March 2010, a SAR 3.75 billion (U.S.$1 billion) international sukuk which matured in July 2012, a SAR 750 million (U.S.$200 million) local sukuk which matured in April 2014, a U.S.$450 million international sukuk which matured in February 2015 and a U.S.$300 million international sukuk which matured in November 2016.

During this period, Dar Al-Arkan also prioritised the completion of a number of its outstanding projects, for example, in 2012, Dar Al-Arkan completed the Parisiana development (at the time known as Al-Qasr and which now comprises Parisiana Boulevard, Parisiana Living and Parisiana South), its first master-planned community, as well as opening Al-Qasr Mall, one of the largest malls in Riyadh, with a built-up area of 230,312 square metres and 499 units across four floors and parking capacity for more than 1,800 cars. Dar Al-Arkan has retained Al-Qasr Mall as a leasable asset as part of its investment properties portfolio and, as of 31 March 2022, the leasing ratio (being the ratio of leased area divided by net leasable area) of Al-Qasr Mall was 90 per cent.

Stage V (2017 to date)

While continuing to focus on real estate development in the Kingdom, Dar Al-Arkan launched 2,065 residential and commercial plots in Shams Ar Riyadh on an off-plan basis in 2018, and rebranded the Parisiana South, Parisiana Living, Parisiana Boulevard and Naeem Al Jiwar projects in the Kingdom. In 2021, Dar Al-Arkan launched phase 1 of the Shams Al Arous project, a master-planned, best-in-class, integrated community project in the Jeddah city area. More than 60 per cent. of the onsite construction work has been completed as of the date of this Base Prospectus.

On 27 April 2014, Dar Al-Arkan announced a new master-planned community project in the Eastern Province located between Dammam and Ras Tanura (the **Juman Project**). The Juman Project is intended to be an integrated

community project, providing residential units, together with public service and commercial facilities, hotels, educational institutions and retail areas and is being developed on a total land area of approximately 8.2 million square metres, of which 1.5 million square metres is owned by Dar Al-Arkan. Dar Al-Arkan is acting as the master developer of the project, undertaking the master planning and infrastructure development. As of the date of this Base Prospectus, land surveys, market studies and the planning and design of the Juman Project have been completed. The development of the Juman Project will be completed in phases, with the first phase of the construction of the project due to commence towards the end of 2023. This initial phase of the project will involve the reclamation of approximately three million square metres of land from the sea, as well as the completion of the necessary infrastructure work at a cost of SAR 1.8 billion (U.S.$480 million), which includes the construction of bridges to provide a direct connection between Dammam and Ras Tanura where the Juman Project is located. This first phase of the project is expected to be completed by 2025. The updated concept design was submitted to the Eastern Province Development Authority and a no objection certificate was received from the Ministry of Industrial & Mineral Resources in 2022. As of the date of this Base Prospectus, Saudi Aramco approval is awaited in order to proceed with this project.

Dar Al-Arkan launched its first international real estate development project in December 2017, the Urban Oasis by Missoni tower (previously called the I Love Florence Tower) in Dubai, UAE, comprising bespoke apartments with luxury interiors designed by Roberto Cavalli and located on the Dubai Canal, as part of its international growth strategy. The Sidra project located near Sarajevo, Bosnia, was launched in 2020, and represents the largest single real estate development project in the country covering almost 500,000 square metres of land. Dar Al-Arkan continued its international expansion in 2022 through the launch of various other projects including the Da Vinci Tower and W Residences in Dubai, the Sidra gated community in Bosnia, Aida in Yitti and Yenkit, Oman, Les Vagues in Qetaifan Island, Qatar, Benahavis, Tabano and Finca Cortesin in Malaga, Spain and the project for the full refurbishment of a fourth floor apartment at 149 Old Park Lane, London, UK.

During this period, Dar Al-Arkan has redeemed three further offerings of international sukuk, a U.S.$400 million international sukuk which matured in May 2019, a U.S.$500 million international sukuk which matured in April 2022 and a U.S.$500 million international sukuk which matured in March 2023.

Dar Al-Arkan's Business Segments

Properties Development

Dar Al-Arkan's Properties Development business segment comprises: (i) land development projects; and (ii) residential and commercial projects.

Development Properties - Land Development Projects

Dar Al-Arkan's land development projects involve the purchase of undeveloped land and the planning and development of basic infrastructure for residential and commercial use. Once this basic infrastructure has been completed, Dar Al-Arkan either sells the developed land to third party investors or to developers, develops a residential and commercial project on the developed land, or develops a residential and commercial project on a portion of the developed land and retains the remaining portion to sell once its value has appreciated due to the completion of the relevant residential and commercial project.

Management continuously reviews Dar Al-Arkan's inventory of undeveloped land and land under development and sells plots that it considers non-core to Dar Al-Arkan's real estate development operations. For a further discussion of Dar Al-Arkan's current land development projects, see the section below entitled "*Completed Projects – Land Development Projects*".

Development Properties - Residential and Commercial Projects

Dar Al-Arkan's residential and commercial projects are targeted towards a diverse range of income segments in the Kingdom. Historically, these projects related primarily to the development and sale of residential units and Dar Al-Arkan has completed and delivered approximately 15,000 residential units and 500,000 square metres of commercial space since it was incorporated.

In 2006, Dar Al-Arkan significantly increased the scope of its residential and commercial projects when it began the development of Parisiana, its first master-planned community, which was completed in 2012. In addition to various types of residential villas and apartments, Dar Al-Arkan's master-planned communities include commercial facilities (for example shopping centres and restaurants), public service facilities (for example parks,

mosques and schools) and office buildings. Management expects that Dar Al-Arkan's future residential and commercial projects will most likely be master-planned communities.

In 2017, Dar Al-Arkan refurbished the interior and exterior areas of the residential units contained within the Al-Qasr and Al-Tilal projects prior to the subsequent rebranding of these developments to Parisiana and Naeem Al Jiwar, respectively.

Dar Al-Arkan is currently developing a number of residential and commercial projects, with the development of three master-planned communities at Shams Ar Riyadh located in Riyadh, Shams Al Arous located in Jeddah, and the Juman Project located in the Eastern Province between Dammam and Ras Tanura. During 2022, Dar Al-Arkan won a contract to develop residential units in SEDRA, an integrated community project being developed in northern Riyadh by national developer ROSHN, a PIF-backed company. In addition, Dar Al-Arkan is currently in discussions with the MoMRAH relating to proposals to develop residential projects on land owned by the MoMRAH in Riyadh as part of the Government's affordable housing initiative.

The first phases of each of the three master-planned communities and the recently awarded SEDRA project in the Kingdom referred to in the paragraph above have an estimated aggregate cost of SAR 6.49 billion (U.S.$1.73 billion) and cover approximately 7.95 million square metres of land. These master-planned communities are expected to include a significant number of residential units and commercial developments. Dar Al-Arkan may retain and lease a portion of these commercial units and the residential units to be offered for sale. For a further discussion of these projects, see the section below entitled "*Completed projects and projects under development*".

A key aspect of Dar Al-Arkan's current strategy with respect to its Development Properties business segment is to maintain its expansion activities outside the Kingdom. This strategy has been implemented in recent years by the launch of several significant developments elsewhere in the Middle East and in Europe through the launch of its own residential and commercial projects or joint development projects in partnership with landowners.

As of 31 March 2023, Dar Al-Arkan's development properties consisted of SAR 19.31 billion (U.S.$5.15 billion) including project lands and properties of SAR 14.88 billion (U.S.$3.97 billion), all of which were valued on its balance sheet at cost.

Asset Management

The Asset Management business segment comprises the management of Dar Al-Arkan's investment properties which, as of 31 March 2023, had a book value of SAR 1.06 billion (U.S.$282.67 million). Al-Qasr Mall is the most valuable investment property in Dar Al-Arkan's portfolio, accounting for 76 per cent. of the total book value of its investment properties as of 31 March 2023. Once Dar Al-Arkan has completed a residential and commercial project, it may retain some of the commercial and residential units as rental properties. By retaining these units, management intends to build an income-generating portfolio of rental properties, with the goal of establishing a recurring revenue stream from rental income and fees received from management operations and maintenance of residential and commercial buildings and to enable Dar Al-Arkan to benefit from any potential appreciation in the value of such properties.

Dar Al-Arkan and its consolidated subsidiaries legally and beneficially own a geographically and functionally diverse range of properties within the Kingdom, which include villas, townhouses, apartments, offices, shopping malls, supermarkets and other retail facilities. For further discussion of rental properties on Dar Al-Arkan's projects, see "*Dar Al-Arkan's Business Segments – Land Development Projects – Residential and Commercial Projects*".

Investments

As part of its Investments business segment, Dar Al-Arkan makes strategic investments in companies that management believes are complementary to Dar Al-Arkan's real estate development operations. Companies in which Dar Al-Arkan has made strategic investments include SHL, a home financing provider in the Kingdom, Alkhair Capital, which is regulated by the CMA and provides investment banking and other financial services in the Kingdom and the UAE, and Khozam REDC, which owns the Qasr Khozam land development project. As of 31 March 2023, Dar Al-Arkan had made strategic investments in companies that ranged between 10.5 per cent. and 88 per cent. of the investee's share capital, and aggregate share of the results of its equity accounted investees totalled SAR 2.17 billion (U.S.$578.67 million) as of 31 March 2023. The following is a summary of Dar Al-Arkan's key strategic investments as of the date of this Base Prospectus:

Alkhair Capital Saudi Arabia (Alkhair)

Alkhair Capital is licensed by the CMA to deal as principal and agent (subject to certain conditions) and to provide underwriting, management, arrangement and financial advisory services in the Kingdom and the UAE. It is a closed Joint Stock Company, registered in Riyadh under commercial registration No. 1010264915 dated 27/3/1430H (corresponding to 24 March 2009), with its headquarters in Riyadh. As of 31 March 2023, Dar Al-Arkan owned 42.2 per cent. of the issued share capital of Alkhair Capital.

Khozam Real Estate Development Company

Khozam REDC was established exclusively for the development of Qasr Khozam land development project, and is a joint venture between Jeddah Development and Urban Regeneration Company, and Dar Al-Arkan. Khozam REDC is registered in Jeddah under Commercial Registration No. 4030193909 dated 25/10/1430H, (corresponding to 14 October 2009), and is established as a limited liability company with headquarters located in Jeddah. Its share capital is SAR 541 million (U.S.$144.47 million). By virtue of the joint venture agreement between Dar Al-Arkan and Jeddah Development and Urban Regeneration Company, and pursuant to the revised Articles of Association, 66.5 per cent. of Khozam REDC's share capital (amounting to SAR 359 million (U.S.$95.7 million)) is held by Dar Al-Arkan and the remaining 33.5 per cent. of Khozam REDC's share capital (amounting to SAR 182 million (U.S.$48.5 million)) is held by the Jeddah Development and Urban Regeneration Company against a land contribution.

Eastern Juman Company

Eastern Juman Company was established for the development of the Juman Project located between Dammam and Ras Tanura. The company is registered in Riyadh under Commercial Registration No. 1010462791 dated 15/10/1437H, (corresponding to 20 July 2016), and is established as a limited company with its headquarters located in Riyadh. Its share capital is SAR 8.2 million (U.S.$2.2 million). By virtue of the Articles of the Association of the company, on incorporation, 18.3 per cent. of its share capital was issued to Dar Al-Arkan against a cash contribution by Dar Al-Arkan of SAR 1.5 million (U.S.$0.4 million) and the remaining 81.7 per cent. was issued to nine other shareholders against a cash contribution amounting to SAR 6.7 million (U.S.$1.8 million).

Compass Project Investment SPV Limited

During 2022, Dar Al-Arkan entered into an agreement with the shareholders of Compass Project Investments SPV Limited (**Compass**) to acquire 51 per cent. of the share capital of Compass, a private company limited by shares incorporated in the UAE, established mainly for rendering services related to project management, cost control and risk management.

Ibdaa Real Estate Company

During 2022, Dar Al-Arkan entered into an agreement with the shareholders of Ibdaa Real Estate Company (**Ibdaa**) to acquire 25 per cent. of the share capital of Ibdaa, a limited liability company registered in Jeddah. Ibdaa undertakes real estate activities, including selling and purchasing land, real estate management services, brokerage activities and construction, including general construction of real estate for commercial and residential purposes.

Dar Global PLC

On 28 February 2023, Dar Global PLC, an indirectly wholly owned subsidiary of the Group, had listed its shares on the London Stock Exchange's main market. Dar Global PLC issued and offered 21,621,612 ordinary shares for subscription through a private placement at a price of USD 3.33 per share with a total value of USD 72 million. As a result of this issuance, the Group's equity interest was diluted from 100 per cent. to 88 per cent. and the Group was deemed to no longer control the entity as a result of the listing requirement for it to be able to carry on its own business independently. The Group can still exercise significant influence over Dar Global PLC and the investment has been classified as an associate and accounted for under the equity method.

*Saudi Home Loans Company (**SHL**)*

SHL was formed on 4 April 2007 pursuant to a shareholders' agreement between Arab National Bank, Dar Al-Arkan, Kingdom Installment Company, certain founding shareholders of Dar Al-Arkan, and the International Finance Corporation. Dar Al-Arkan had originally invested SAR 120 millon (U.S.$ 32 million) representing 15 per cent. of the paid up share capital of SHL. The equity ownership of SHL was divided as follows: Arab National

Bank (40 per cent.), Kingdom Installment Company (40 per cent.), Dar Al-Arkan (15 per cent.) and the International Finance Corporation (5 per cent.). SHL completed an initial public offering of 30 per cent. of its shares in April 2022 and its shares were admitted to trading on Tadawul. Following the initial public offering, as of 20 April 2022. SHL's equity ownership was divided as follows: Arab National Bank (28 per cent.), Kingdom Installment Company (28 per cent.), Dar Al-Arkan (10.5 per cent.) and the International Finance Corporation (3.5 per cent.). The remainder of SHL's shares were owned by the public.

The retained interest of 10.5 per cent. in SHL is therefore classified as investments in financial assets and measured at FVOCI whose fair value at the date of disposal was SAR 210 million (U.S.$56 million). As of 31 March 2023, the fair value of investment in financial assets was SAR 211.68 million (U.S.$56.45 million).

SHL provides mortgage financing to home buyers in the Kingdom, primarily to the middle to lower income segment of the market. All of SHL's financing products are structured to comply with *Shari'a* principles. SHL finances the purchase of homes developed by Dar Al-Arkan by purchasing the homes directly from Dar Al-Arkan on behalf of individuals who sign lease-to-own contracts with SHL. SHL leases the homes to such individuals and these individuals take ownership of the homes upon expiration of the lease term if they have satisfied all of their obligations under the lease to own contract.

Strengths

Management believes that Dar Al-Arkan has a number of competitive strengths, including:

Ability to develop large scale projects such as master-planned communities

Management believes that Dar Al-Arkan is one of the few real estate developers in the Kingdom with the financial resources, capacity and expertise (both in-house and through its strategic alliances with companies such as SHL and Khozam REDC) to undertake and execute large scale residential and commercial projects in the Kingdom. In addition, management believes that Dar Al-Arkan's experience in developing projects in the Kingdom, including the development and completion of Parisiana in 2012, has provided Dar Al-Arkan with experience in obtaining the required regulatory approvals for such developments. Management believes that the economies of scale afforded by large scale projects, such as master-planned communities, permits Dar Al-Arkan to offer quality housing at more affordable prices than its competitors. Management also believes that Dar Al-Arkan's ability to provide attractive prices combined with the quality and convenience of life provided by Dar Al-Arkan's master-planned communities, provides Dar Al-Arkan with an advantage over its competitors in addressing the demand for housing among customers from a diverse range of income segments in the Kingdom.

Strong reputation for delivering quality affordable housing

Management believes that Dar Al-Arkan was the first major private real estate developer to target the middle-income segment of the Kingdom's housing market on a large scale, and that Dar Al-Arkan has a strong reputation among the middle-income segment of the housing market as a company that delivers quality homes at affordable prices. Since incorporation, Dar Al-Arkan has completed and delivered approximately 15,000 residential units. In addition, management believes that Dar Al-Arkan's reputation in the Kingdom among land owners and real estate brokers provides Dar Al-Arkan with opportunities to acquire land that may not be available to other real estate developers in the Kingdom. Management believes Dar Al-Arkan's reputation among customers, land owners and real estate brokers provides Dar Al-Arkan an advantage over its competitors in addressing the demand for housing among customers from a diverse range of income segments in the Kingdom.

Substantial development properties consisting of developed land, developed projects and under projects under development

Dar Al-Arkan has a substantial development properties land bank consisting of semi-developed and undeveloped plots. Management believes that Dar Al-Arkan's development properties land bank allows it to take advantage of market opportunities to develop and sell projects with greater efficiency than competitors that need to source and acquire land first before developing a project.

As of 31 March 2023, Dar Al-Arkan's development properties consisted of SAR 19.31 billion (U.S.$5.15 billion) including project lands and properties of SAR 14.88 billion (U.S.$3.97 billion), all of which was valued on its balance sheet at cost.

Prudent financial policy

Dar Al-Arkan adopts a prudent financial policy, prioritising the building of cash reserves, where necessary, in order to ensure that it has sufficient funds available to meet its financial commitments as they fall due. As of 31 March 2023 Dar Al-Arkan had a cash balance of SAR 3.87 billion (U.S.$1.03 billion).

Experienced management team

Dar Al-Arkan's senior management has significant experience in both the real estate development industry and their respective areas of specialty. Dar Al-Arkan's Chairman of the Board, Yousef Abdullah Al Shelash, has been with Dar Al-Arkan since it was founded and has over 20 years of experience in the real estate development industry in the Kingdom. He leads a team of professionals heading development and construction, project management and sales and marketing. Dar Al-Arkan's Chief Executive Officer, Mr. Anand Raheja, re-joined Dar Al-Arkan as Chief Financial Officer in May 2018, having previously held the position between 2011 and 2013. Mr. Raheja was promoted to Chief Executive Officer of Dar Al-Arkan in June 2019, and has more than 30 years of experience working with the largest real estate companies and accounting and auditing firms in the Middle East, the United States, the UK and India.

Access to the international and domestic capital markets

The real estate development industry is capital intensive by its nature. In addition, "off-plan" and "pre-finished" sales of homes are not common practice in the Kingdom, which makes access to financing even more essential in the Kingdom's real estate development industry. As of the date of this Base Prospectus, Dar Al-Arkan had three series of trust certificates issued under the Programme outstanding, a U.S.$600 million international U.S. dollar-denominated sukuk due 2025, a U.S.$400 million international U.S. dollar-denominated sukuk due 2026 and a U.S.$400 million international U.S. dollar-denominated sukuk due 2027.

These offerings, together with nine previous sukuk offerings of U.S.$600 million, U.S.$1 billion, SAR 750 million (U.S.$200 million), U.S.$450 million, U.S.$300 million, U.S.$450 million, U.S.$400 million, U.S.$500 million and U.S.$500 million which were redeemed at maturity by Dar Al-Arkan in March 2010, July 2012, April 2014, February 2015, November 2016, May 2018, May 2019, April 2022 and March 2023, respectively, are the only sukuk offerings to date by a real estate developer in the Kingdom. In addition, in December 2007, Dar Al-Arkan listed its shares on the main market of Tadawul.

Strong future growth prospects in the Kingdom

Dar Al-Arkan believes that it is strategically positioned to benefit from the Government's recent initiatives to develop the housing and real estate sector. As a result of the current housing shortage in the Kingdom, one of the key objectives of the Government in recent years has been to develop the housing and real estate sector. In order to achieve this, the Government has implemented the NTP as part of Vision 2030. Under the NTP, the Housing Programme has achieved significant success since it was launched in 2016, during which time it has increased Saudi home ownership rates from 47 per cent. in 2016 to 60 per cent. in 2020. The Housing Programme has succeeded in stimulating supply in the housing sector through effective partnerships with the private sector, represented by real estate developers and house-builders, including Dar Al-Arkan. In the current stage of the Housing Programme, which commenced in 2021 and is expected to continue until 2025, the Government aims to increase the percentage of Saudi families owning houses to 70 per cent. by 2030. It is expected that this will be accomplished by targeting the most underprivileged segments of society. The Housing Programme has also been involved in developing and improving regulations as well as regulatory and legislative activities, by establishing the General Authority for Real Estate to be the central regulatory entity for the real estate sector.

The following are some of the key Government initiatives expected to boost the real estate sector and in turn benefit Dar Al-Arkan's business and future growth prospects:

Off-plan sales

In January 2016, the Ministry of Commerce issued a new set of regulations permitting the sale of off-plan units, governed by a set of strict measures that apply to the sale of such off-plan units. The issuance of these new regulations is expected to increase off-plan sales significantly over time and will reduce execution risk to developers, increase developers' profitability and reduce capital outlay. For example, down payments will not be permitted to exceed 20 per cent. of the unit's value and must be made by cheque or bank transfer into escrow accounts, which can be accessed and monitored by authorities, however remain available to developers for the purpose of financing the building programme. In May 2018, Dar Al-Arkan launched the first phase of the off-plan

sales of units in the Shams Ar Riyadh development, following which multiple subsequent phases were launched in 2020. Management believes that these off-plan sales, and related customer advances, will help Dar Al-Arkan utilise less internal cash as well as less project finance debt to finance projects hence increasing the profitability of the business.

Etmam

The MoMRAH launched the "*Etmam*" e-portal in 2017 with the aim of increasing the volume of investments in the real estate sector from within and outside the Kingdom. *Etmam* provides a number of services, notably receiving applications for the approval of initial housing plans, with a view to speeding up the provision of essential services, including the issuance of construction permits, completion certificates, exemption requests, land division approvals, labour visas, and approval and revision of development plans.

REDF funding cost subsidy

The REDF has launched several financing programmes and solutions to increase home ownership among Saudi nationals, including the Additional Financing Programme, the Accelerated Loan Programme and the Dhamin Programme. In January 2017, the MoMRAH launched the Sakani initiative with the aim of providing assistance to Saudi nationals based on their income levels and the number of family members in each household. The Sakani programme also included nearly 280,000 residential and funding products for allocation and delivery in all regions of the Kingdom. In addition, 75,000 residential plots of land were made available for construction, as well as 85,000 residential plots of land with the costs thereof to be subsidised by the Government in partnership with the REDF and a number of banks and other financial institutions.

The REDF provides funding cost subsidies up to an amount of SAR 500,000 to eligible REDF applicants. Dar Al-Arkan expects to benefit from these eligible REDF applicants as it intends to market its residential units to such applicants.

Saudi Real Estate Financing Company

The establishment of the SREFC pursuant to the Real Estate Finance Law (see below "*Real Estate Laws and Regulation*") has helped to expand the real estate sector by refinancing residential mortgages. SREFC has been partnering with mortgage originating institutions by providing short-, medium- and long-term financing solutions and also purchasing finance lease portfolios from these institutions in order to fund its operations and future growth. As a real estate developer, Dar Al-Arkan will indirectly benefit from the increase in mortgage activity as a result of SREFC's initiatives.

Financing-to-value ratio

In February 2016, SAMA increased the limit on real estate financing from 70 per cent. to 85 per cent. of the value of a residential property (effectively reducing the minimum required down payment 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 2018, SAMA further increased the limit on real estate financing from 85 per cent. to 90 per cent. for first time home buyers. This increase was introduced with the expectation that it would encourage mortgage financing which could benefit the real estate sector. Dar Al-Arkan's management believes that it will be a direct beneficiary of an increased availability of mortgages.

Business strategy

Management's strategy is to maintain its leadership position in the real estate development industry in the Kingdom by focusing on its core competencies, land development projects and residential and commercial projects, and by expanding its business operations to include property management and investment in businesses which complement Dar Al-Arkan's real estate development operations. This expansion strategy is aimed at diversifying Dar Al-Arkan's business activities in order to develop recurring sources of income.

The following is a summary of key aspects of Dar Al-Arkan's business strategy:

Increase revenues from master-planned community projects

Dar Al-Arkan is currently developing three master-planned communities: Shams Ar Riyadh, located in Riyadh; Shams Al Arous, located in Jeddah and the Juman Project located in the Eastern Province between Dammam and Ras Tanura. The first phases of Shams Ar Riyadh and Shams Al Arous are expected to be completed in 2023.

Management expects revenue from residential and commercial projects to increase over time as units in these projects become available for sale. Management believes that competitive prices combined with the quality and convenience of life provided by master-planned communities will allow Dar Al-Arkan to address the demand for quality affordable housing in the Kingdom. Continuing development of residential and commercial projects will allow Dar Al-Arkan to balance its revenue generation in line with its overall strategy to diversify the composition of its revenue sources.

Continue to provide affordable quality housing

Demographic trends in the Kingdom, including a young and growing population and decreasing average household sizes, are expected to create demand in the Kingdom for approximately 4 million new homes by the end of 2030, according to the MoMRAH. In addition, the middle income population in the Kingdom is expected to grow as a proportion of the overall population due 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. Since its incorporation, Dar Al-Arkan has completed and delivered approximately 15,000 residential units. Dar Al-Arkan intends to continue to focus its residential and commercial projects on addressing demand for housing among the middle-income segment of the market, in particular through the development of its master-planned communities. Under the affordable housing initiative promoted by the MoMRAH, Dar Al-Arkan is currently in discussions with the MoMRAH to develop high-quality affordable housing on land plots to be provided by the MoMRAH. Once these discussions have concluded, Dar Al-Arkan expects to accelerate the development of this affordable housing element of its strategy significantly.

Expanding the business through property rental and property management services

Dar Al-Arkan acquires and retains certain commercial and residential units in its master-planned communities as rental properties (see "*Dar Al-Arkan's Business Segments–Asset Management*" above). By retaining such units, management intends to build an income-generating portfolio of rental properties, with the goal of establishing a recurring revenue stream from rental income, real estate management, maintenance of residential and commercial buildings and public facilities and to enable Dar Al-Arkan to benefit from any appreciation in the value of such properties over time.

Continue to make strategic investments in businesses complementing real estate development operations

Dar Al-Arkan makes, and intends to continue to make, strategic investments in companies which management believes would be complementary to Dar Al-Arkan's real estate development operations. Companies in which Dar Al-Arkan has made strategic investments include SHL, a leading home financing provider in the Kingdom, Alkhair Capital, regulated by the CMA and which provides investment banking and other financial services in the Kingdom, Khozam REDC, which owns the Qasr Khozam land development project, Eastern Juman Company, established mainly for the development of the Juman Project, Compass, established mainly for rendering services related to project management, cost control and risk management, and Ibdaa, which operates real estate activities including selling and purchasing of land, real estate managements brokerage and construction activities.

Continue its international expansion

As part of its international growth strategy, Dar Al-Arkan opened sales offices in Dubai, Sarajevo and Beijing in June 2017, September 2017 and February 2022, respectively. Dar Al-Arkan launched its first international real estate development project in December 2017, with the launch of the Urban Oasis by Missoni tower (previously called the I Love Florence Tower), comprising bespoke apartments with luxury interiors designed by Roberto Cavalli on the Dubai Canal as part of its international growth strategy. Moreover, the Sidra project, located near Sarajevo, was launched in 2020 and is the largest single real estate development project in the country, covering a land area of almost 500,000 square metres. In 2021, Dar Al-Arkan continued its international expansion through the launch of the Dar Al-Arkan Pagani Tower in Dubai, and the signing of a memorandum of understanding with the Omran Group for the development of a 3.50 million square metre hilltop site in Yitti and Yenkit, Oman, known as Aida. Furthermore, additional new projects were launched in 2022 including the W Residences Dubai, Les Vagues in Qetaifan Island, Doha and other new offerings in Spain and the UK.

Dar Al-Arkan intends to continue to utilise its real estate development expertise to undertake further international real estate development projects. Dar Al-Arkan's decision to commence operations in a particular country will be based on numerous factors, including economic and political stability at that time, the state of development of that particular country (favouring emerging economies where greater returns can be realised), the level of competition in the country and the macro-economic conditions of the country.

Project development process

Dar Al-Arkan applies quality management systems in its project development process and was the first real estate development company in the Kingdom to obtain an ISO 9001 certification for quality management systems.

The development cycle for a land development project is typically between one and two years. Depending on the size, the development cycle for a residential and commercial project ranges between three and seven years. Master-planned communities generally have development cycles at the high end of this range. For large residential and commercial projects such as master-planned communities, Dar Al-Arkan typically divides developments into separate phases. In initial phases, a limited number of residential units are constructed. In later phases, larger numbers of residential units are constructed as well as public facilities and commercial and office units. For each phase, Dar Al-Arkan enters into separate sets of agreements with contractors which, among other things, allows it to assess construction costs at the time of development. At the end of each phase, completed units are sold or leased by Dar Al-Arkan. On a typical residential and commercial project, multiple phases in different stages of development are implemented simultaneously.

Phased development allows Dar Al-Arkan to retain the flexibility to accelerate or slow down the development of a project based on market conditions, and to avoid carrying a large inventory of unsold and/or unleased units in the event of unexpected market declines. In addition, phased development enables Dar Al-Arkan to adapt construction of each phase to meet changes in demand for different types, styles and sizes of units that may occur due to changes in consumer preferences or other related factors. Phased development also limits the amount of capital that Dar Al-Arkan must commit to a single project during a particular period of time. In addition, phased development allows Dar Al-Arkan to use revenue from the sale or rental of units in an earlier phase to help fund the development of later phases.

Stages of project development

Dar Al-Arkan divides the project development process into six separate stages. Each of these stages are described in further detail below:

Stage one—land sourcing and acquisition

Land sourcing is a critical part of the first stage in the development process. Dar Al-Arkan sources land either through solicitations or its own market research. Dar Al-Arkan regularly receives invitations to purchase undeveloped land from land owners and real estate brokers. Management analyses each invitation to ascertain the suitability of the land for development, including a review of key considerations such as the location and size of the land parcel. Dar Al-Arkan also conducts extensive market research to identify areas within the Kingdom which could benefit from its development projects, particularly its master-planned communities. Once identified, Dar Al-Arkan searches for appropriate land parcels for development.

Dar Al-Arkan's land acquisition process involves extensive due diligence and feasibility analysis. The process is overseen by Dar Al-Arkan's senior management. Due diligence involves a number of steps to verify that the land available is suitable for development. These steps include a review of land deeds, a review of government and public institution publications related to the area, investigative and interrogative interviews with municipalities, local notary publics and reputable master planners, and site inspection by Dar Al-Arkan's senior management. Feasibility analysis involves a number of considerations to determine the potential profitability of the land, including topography and its location within a particular municipality or neighbourhood, as well as previous offers for undeveloped and developed land in the area. If a decision is made to acquire the land, Dar Al-Arkan conducts negotiations with the vendor to acquire it.

Stage two—project planning

The creation of a master plan is the first part of the second stage in the development process. Preparation of the master plan is done in co-operation with third party planning and real estate consultants and is overseen by Dar Al-Arkan's business planning and engineering department along with its senior management. The master plan relates to site improvements necessary for the undeveloped land to be zoned for residential and commercial purposes. The master plan will typically allocate approximately 10 per cent. of the land for basic infrastructure, such as water, sewage, electricity and other utilities, as well as paved streets and sidewalks. The master plan must ultimately be approved by the local municipal government. To obtain such approval, the master plan must also allocate a minimum of 33 per cent. of the land to accommodate public facilities, such as roads, schools, police stations and mosques. Once a master plan is created, a budget and schedule is prepared for the project. Next, a

detailed design for the project is created in co-operation with third party design consultants and is overseen by Dar Al-Arkan's engineering department and its senior management.

Stage three—site development

The site development stage primarily involves site clearance, design, lay-out and other land planning activities. Dar Al-Arkan does not directly engage in any construction of its projects, including construction relating to site development. Site development construction is contracted to third parties through an open tender process. For further discussion of the process involved in selecting contractors see "— *Contracting and sub-contracting*" below.

Stage four—land development

The land development stage involves construction of basic infrastructure relating to residential and commercial use, such as water, sewage, electricity and other utilities, as well as paved streets and sidewalks. Dar Al-Arkan ensures that the basic infrastructure is adequate to allow the land to be zoned for its intended use. As in the site development stage, the actual construction is contracted to third parties through an open tender process. Dar Al-Arkan oversees all aspects of the land development stage, including the application of materials and technology used in the construction.

At the end of this stage, Dar Al-Arkan owns developed land plots and decides to either:

- sell the developed land to third party investors or developers;
- develop a residential and commercial project on the developed land; or
- develop a residential and commercial project on a portion of the developed land and attempt to sell the remaining portion once its value has appreciated due to the completion of the residential and commercial project.

These decisions vary on a project by project basis and are based on several factors relating to potential profitability, including market conditions and the topography and location of the land. These decisions are made by senior management with contributions and oversight from Dar Al-Arkan's development department, the Executive Committee of the Board, as well as project consultants. In line with its revenue mix strategy, Dar Al-Arkan continues to identify land plots for developing its residential and commercial projects.

It typically takes between one and two years for Dar Al-Arkan to complete a land development project. The project timeline depends on the size of the site and its topography, as well as other requirements, mainly relating to the relevant soil characteristics.

Stage five—superstructure

If developed land is allocated for residential and commercial projects, Dar Al-Arkan undertakes to develop the appropriate superstructures for villas and apartments. In master-planned communities, apartment buildings may contain commercial space on the ground floor. Dar Al-Arkan also typically develops parks and mosques on its master-planned communities, although for other public facilities (for example, schools and police stations), Dar Al-Arkan allocates the land and the relevant municipal government is responsible for the development of those structures. With respect to developed land allocated for standalone commercial and office buildings, Dar Al-Arkan makes a business decision on a project-by-project basis about which buildings it will retain as rental properties. Where Dar Al-Arkan intends to retain a building as a rental property, it will undertake to construct the building. Where Dar Al-Arkan does not intend to retain a building as a rental property, it will sell the developed land to another developer who will undertake to construct the building.

The superstructure stage includes developing a design and construction plan with an architectural firm. The design and construction of superstructures is contracted to third parties through an open tender process. Dar Al-Arkan and the architectural firm each oversees the construction of superstructures. Any deviations from the original designs or plans must be approved by Dar Al-Arkan and the architectural firm. The continuous application of advanced engineering techniques, project management and control systems reduce costs and are intended to enable the project to be completed within the allocated time and budget. At the conclusion of this stage, Dar Al-Arkan owns semi-developed buildings.

Stage six—finishing

The final stage relates to finishing work on the semi-developed buildings, which includes cladding, ceramic and woodwork, mechanical and electrical work, plastering and painting, and internal and external decorative work. At the end of this stage Dar Al-Arkan owns fully developed and finished buildings.

Contracting and sub-contracting

Dar Al-Arkan contracts with third parties for much of the work related to the development of its projects, which involves awarding and managing work performed by several contractors and sub-contractors. These third parties include companies that perform site clearance and the construction of basic infrastructure relating to water, sewage, electricity and other utilities, as well as paved streets and sidewalks. Dar Al-Arkan also contracts with architecture firms and construction companies to design and build superstructures on its projects, as well as with contractors to perform other work related to superstructures, such as cladding, ceramic, wood, mechanical, electrical, plumbing, plastering, painting and decorative work.

Dar Al-Arkan has, with the assistance of project consultants, developed an in-house rating system to ascertain the expertise and qualifications of contractors in its database. Dar Al-Arkan has developed this database by inviting the majority of the contractors operating in the Kingdom to submit to Dar Al-Arkan's internal rating system and be added to the database. Criteria relating to the internal rating system include: a financial review, previous projects undertaken and completed, feedback from previous clients and site visits.

Dar Al-Arkan invites all contractors meeting a certain threshold pursuant to its internal rating systems to bid for providing services on a project-by-project basis. Bids are assessed by Dar Al-Arkan's bid committee (made up of representatives from the risk management, internal audit and engineering departments) and senior management, with assistance from project consultants. Preliminary recommendations are then made to the Executive Committee which makes final decisions on the awarding of contracts. Dar Al-Arkan seeks to award contracts to multiple contractors for each project to avoid concentration of risk.

Dar Al-Arkan's agreements with contractors typically specify a fixed price to be paid to the contractor and a schedule for the completion of their work. Under these agreements, contractors are responsible for obtaining and paying for all labour, materials and equipment necessary to complete their work. Contractors are also required to purchase and maintain insurance related to the project while under development and their work on the project. In certain instances, price adjustments during the term of the contract are permitted in the event that the costs of construction materials increase significantly, however, any such price increase must be based upon evidence of the cost increase provided by the contractor to Dar Al-Arkan and the amount of any such price increase must be agreed to by Dar Al-Arkan. In addition, price adjustments may occur during the term of an agreement in the event that Dar Al-Arkan materially increases the scope of the work required from the contractor.

Raw materials

Contractors and subcontractors that work on Dar Al-Arkan's development projects are directly responsible for sourcing and purchasing construction materials related to their work on the development projects.

However, where there are significant variations to the original contract or there is a shortage in the availability, or a significant increase in the price, of construction materials to contractors and subcontractors, Dar Al-Arkan and the relevant contractors and/or subcontractors may agree to revise the terms of the original contract, although, in the case of price increases, this would likely require a major change and Dar Al-Arkan has not, to date, agreed to such a variation in an existing contract. For further discussion regarding the availability and fluctuation of prices of construction materials see "*Risk Factors—The total estimated costs of Dar Al-Arkan's development projects may be subject to unanticipated increases*".

Municipal governments

The primary regulators that Dar Al-Arkan interacts with in developing its projects are the municipal governments where the projects are located. Dar Al-Arkan must obtain approvals from such municipalities at various stages during the development of its projects.

Before development of a project can begin, Dar Al-Arkan must submit the master plan to the relevant municipality for approval. The master plan sets forth site improvements necessary for the undeveloped land to be zoned for residential and commercial purposes. In order to receive the municipality's approval, a minimum of 33 per cent. of the land must be allocated to accommodate public facilities, such as schools, police stations, mosques and

roads. Municipalities also require that the master plan meet certain other requirements, such as providing for roads that are wide enough to accommodate anticipated traffic on the project.

Once the master plan is approved, Dar Al-Arkan must submit to the relevant municipality a detailed plan relating to the project's infrastructure. Municipalities require the infrastructure plan to provide for enough sewage, water and electricity to accommodate the total built-up area of the project, the expected number of inhabitants and the number of commercial and residential units. The infrastructure plan is reviewed by various departments within the relevant municipality before it is approved. When the infrastructure plan is approved, Dar Al-Arkan is issued a final approval certificate from the municipality and it is permitted to commence construction of the project's infrastructure.

To construct residential and commercial units, Dar Al-Arkan must receive a construction permit from the relevant municipality. To obtain this permit, Dar Al-Arkan submits a plan to the relevant municipality showing the plan for each building. The plan for each building must meet standards set by the relevant municipality, which, among other things, require a building to be built on only a certain percentage of the land allocated for that building. Once the relevant municipality grants the construction permit, Dar Al-Arkan is permitted to commence construction of the residential and commercial units.

Upon the completion of residential and commercial units in accordance with the plans that were approved by the relevant municipality, Dar Al-Arkan is issued building completion certificates from the municipality which allows Dar Al-Arkan to sell or lease the units.

Marketing and sales

Marketing and sales of land development projects

Dar Al-Arkan sells its land development projects to a wide variety of participants in the real estate market, including high-net worth individuals, institutional investors, corporates and small to medium sized real estate developers. Dar Al-Arkan typically sells its land development projects in one of three ways:

- through its own sales teams based in Dar Al-Arkan's branch offices;
- through local real estate agents/brokers (such agents/brokers are compensated directly by the buyer); or
- through public auctions held on-site, which are actively pre-marketed (extensive analysis is performed to determine the potential profitability of an auction before this manner is chosen).

Dar Al-Arkan sells land development projects pursuant to a standard form sale contract, under which it delivers title to the developed land in exchange for the agreed purchase price. Once a contract is signed and title is delivered to a buyer, Dar Al-Arkan has no further obligations with respect to the developed land. Dar Al-Arkan directly extends credit to certain buyers that management deems credit worthy. In such cases, Dar Al-Arkan typically receives a deposit of approximately 20 per cent. at the time the sale contract is signed, and the balance is paid in instalments over a period that is generally no longer than three months. As of 31 March 2023, there had never been a payment default with respect to such credit sales.

Marketing and sales of residential and commercial projects

There are three stages during which Dar Al-Arkan may opt to market and sell units on a residential and commercial project to the end buyer:

- after stage four (land development) in the project development cycle described above, in which case such units are referred to as being sold "off-plan";
- after stage five (superstructure) in the project development cycle described above (when approximately 75 per cent. of the relevant residential unit has been completed), in which case such units are referred to as being sold "pre-finished"; or
- after completion of stage six (finishing), in which case such units are referred to as being sold "finished".

Dar Al-Arkan's senior management, together with the Executive Committee of the Board, determines the portion of residential and commercial projects to be marketed and sold during the three stages identified above.

Dar Al-Arkan has historically marketed and sold substantially all of the units on its residential and commercial projects during the "finished" stage. Until 2016, "off-plan" and "pre-finished" home sales were not permitted in the Kingdom. However, as the Kingdom's housing market matures and becomes more familiar with the concept of master-planned communities, management expects that more residential units will be marketed and sold during the off-plan and pre-finished stages. The Shams Ar Riyadh master-planned community is the first residential and commercial project by Dar Al-Arkan that has been marketed and sold on an off-plan basis under the Wafi programme (a platform launched by the Government in 2016 with the purpose of authorising and regulating off-plan property sales). Subsequently, Dar Al-Arkan also launched and sold the Urban Oasis by Missoni tower project located in Dubai on an off-plan basis, where off-plan sales have been common for some time.

Dar Al-Arkan sells the majority of units in its residential and commercial projects through sales offices established on-site and designed to cater to walk-in clients or clients who have approached Dar Al-Arkan through its central call centre. In 2017, Dar Al-Arkan launched an e-sales centre to allow its customers to purchase residential units more easily. Dar Al-Arkan also opened sales offices in Dubai, Sarajevo and Beijing in June 2017, September 2017 and February 2022, respectively, as part of its increased focus on international real estate development.

All prospective customers are handled by a sales team responsible for operating and managing the on-site sales offices and compensated on a salary/commission basis. Such sales are facilitated by heavy marketing campaigns undertaken by Dar Al-Arkan for each residential and commercial project through various media channels, including television, newspaper and magazine advertisements, the internet and billboards throughout the Kingdom. Additionally, Dar Al-Arkan sells a small number of residential and commercial projects through real estate agencies.

Dar Al-Arkan sells residential units on its residential and commercial projects pursuant to a standard form sale contract, under which it delivers possession of the unit, subject to the conditions agreed in the sale contract, with the title deed delivered only upon the receipt of the full purchase price. The sale contract also provides for ownership of a pro-rated share of any common areas in the residential and commercial project to be allocated to the home buyer. The home buyers are liable to pay annual maintenance fees in respect of the residential units until such time as a home owners association is formed, at which point the home owners association becomes responsible for payment of the annual maintenance fees and the home buyers are liable to the home owners association for such fees. In addition, the sale contract assigns to home buyers the 10-year statutory warranty on the superstructure that is made by the contractors who construct the units.

Marketing and leasing of commercial and residential units on master-planned communities

Dar Al-Arkan has expanded its business to include asset management services for its rental properties and for third parties. Dar Al-Arkan retains certain commercial and residential units on its master-planned communities. With respect to Dar Al-Arkan's first master-planned community, Parisiana, Dar Al-Arkan leases commercial space on the ground levels of apartment buildings, residential apartments, offices spaces and the commercial mall developed on the project.

For commercial units, Dar Al-Arkan targets tenants that provide the products and services it believes are necessary to make its master-planned communities self-contained living environments. Such tenants include banks, pharmacies, dry cleaners, convenience stores, cafes and restaurants. For residential units, Dar Al-Arkan targets individuals and families, as well as bulk leases for hospitality companies and employees of corporations, universities and hospitals.

Dar Al-Arkan generally rents commercial and residential units pursuant to standard form lease agreements. The standard form residential lease agreement lasts one year and requires tenants to pay the full amount of annual rent at the beginning of each year in the lease term. Dar Al-Arkan is responsible for maintaining its residential rental units, including common areas. Tenants pay Dar Al-Arkan annual maintenance fees in consideration of these maintenance services. The standard form commercial lease agreement lasts one year and requires tenants to pay annual rent in two instalments, the first at the beginning of the year and the second at the end of the first six months of the year. Dar Al-Arkan is responsible for maintaining its commercial rental units. A tenant must use the commercial unit for the sole purpose stipulated in the commercial lease agreement, which cannot be changed without Dar Al-Arkan's prior written consent. A tenant cannot sub-lease the unit without Dar Al-Arkan's prior written consent.

Completed projects and projects under development

Properties

The following table sets out information in respect of Dar Al-Arkan's completed and current projects:

Completed projects								
Project name	**Location**	**Residential units sold or for sale**	**Residential units for rent**	**Residential plots for sale (m^2)**	**Commercial plots for sale (m^2)**	**Commercial Leasing (m^2)**	**Acquisition/ Completion date**	**Estimated cost (*SAR millions*)**
Land Development Projects								
Naeem Al Jiwar [(1)]	Medina	499	—	37,117	56,030	—	2010	375
Master-Planned Communities								
Parisiana[(2)]	Riyadh	2,251	790	—	—	80,000	2012	2,023
Residential and Commercial Projects								
Dar Al Mashaer Towers[(3)]	Makkah	320	—	—	—	—	2011	370
Al-Qasr Mall	Riyadh	—	—	—	—	75,744	2012	1,041
Total		**3,070**	**790**	**37,117**	**56,030**	**155,744**	—	**3,809**

Notes:

(1) The Al-Tilal project was re-branded to Naeem Al Jiwar in 2017.

(2) In late 2017, Al-Qasr was re-branded to Parisiana to denote the community development theme.

(3) In 2021, the Azizia Towers were repossessed for the purpose of a full refurbishment to prepare the asset for sale upon completion of the leasing contract in place with King Abdullah Medical City. The Azizia Towers were renamed as Dar Al Mashaer Towers in 2021. Dar Al Mashaer Towers contains 320 units which are partially booked and are expected to be sold in due course.

Projects under construction or development							
Project name	**Location**	**Residential units sold or for sale**	**Residential plots for sale (m^2)**	**Commercial plots for sale (m^2)**	**Completion (%)**	**Estimated Completion date**	**Estimated cost (*SAR millions*)**
Land Development Projects							
Qasr Khozam[(3)]	Jeddah, KSA	—	165,000	—	81	2025	586
Master-Planned Communities							
Shams Ar Riyadh[(1)]	Riyadh, KSA	2,065	1,921,000	—	85	2023	3,041
Shams Al Arous[(1)]	Jeddah, KSA	876	581,562	—	60	2023	710
Juman Project[(2)]	Eastern Province, KSA	—	2,707,000	2,346,000	—	2026	328
Residential and Commercial Projects							
Urban Oasis by Missoni	Dubai, UAE	465	—	—	88	2023	522
Sidra	Sarajevo, Bosnia	476	456,850	—	12	2024	90
Da Vinci Tower by Pagani	Dubai, UAE	85	—	—	100	2023	613
W Residences Downtown Dubai	Dubai, UAE	385	—	—	6	2026	858
Buraidah Hills[(4)]	Buraidah, KSA	405	30,000	—	90	2023	49
Etoile Villas[(5)]	Riyadh, KSA	163	—	—	2	2025	323
Commendatore Tower[(4)]	Jeddah, KSA	710	—	—	—	2026	712
Les Vagues[(4)]	Doha, Qatar	303	—	—	—	2027	968
Aida[(4)]	Muscat, Oman	3,500	—	—	—	2034	6,408
Benahavis	Malaga, Spain	57	20,503	—	—	2024	427
Tabano	Malaga, Spain	200	1,586,000	—	—	2029	715
Finca Cortesin	Malaga, Spain	35	9,386	—	—	2025	205
Old Park Lane Project[(6)]	London, United Kingdom	1	—	—	—	2024	83
Total		**9,016**	**7,477,301**	**2,346,000**	—	—	**15,926**

Notes:

(1) Including development plans for residential and commercial properties, which will depend on market conditions assessment

(2) Represents the phase 1 cost i.e., land reclamation and infrastructure cost and only represents Dar Al-Arkan's share of 18 per cent.

(3) Represents the phase 1 cost

(4) Represents a joint development project with the landowner of the site

(5) Represents a project to develop residential units in SEDRA, an integrated community project by national developer ROSHN, a PIF-backed company

(6) Represents a joint development project to purchase and undertake full refurbishment of the fourth floor apartment of 149 Old Park Lane

Completed Projects

Land Development Projects

Naeem Al Jiwar (previously called the Al-Tilal Project)

The Naeem Al Jiwar project is located in southern Medina, south of Hijra Road, approximately nine kilometres from the Holy Prophet Mosque and partially within the boundary of the Haram zone, which is considered to be a desirable area by many Muslims. The project is in the Bani Bayyada Area to the east of Mount Ayr, which overlooks the project. The Haram area boundary line passes through the project from east to west and divides the project into two sections, north and south.

The Naeem Al Jiwar project was designed to cater to the middle-income market segment and consists of 499 residential villas built on an area of 165,000 square metres, designed in traditional Arabic and neo-classical architectural themes. The construction of villas for the Naeem Al Jiwar project was completed in 2010 with a saleable area of 87,025 square metres. The total cost of the project was approximately SAR 375 million (U.S.$100 million). As of 31 March 2023, the project had been completed and all of the units available for sale had been sold.

Master-Planned Communities

Parisiana (previously called Al-Qasr)

Parisiana was Dar Al-Arkan's first master-planned community and is located in the Al-Suwaidi suburb of Riyadh. Parisiana has a built up area of approximately 1.2 million square metres which includes approximately 20,000 square metres of office space and 65,000 square metres of commercial space. Parisiana includes various public service and commercial facilities, including mosques, public parks, green belts, schools, entertainment areas and retail areas. Parisiana is designed to cater to the middle-income market segment and can house approximately 13,000 people.

Parisiana is divided into five zones and has 3,051 residential units, comprised of 254 villas and 2,797 apartments in varying styles and sizes. In Parisiana South, as of 31 March 2023, Dar Al-Arkan has earmarked 985 units as available for sale which were previously leased opportunistically from time to time, and has retained approximately 750 apartments as rental properties under long-term institutional lease agreements, of which more than 90 per cent. are currently leased. Dar Al-Arkan has also retained the office space and retail facilities in Parisiana Boulevard as leasing properties. The majority of the lease contracts are long-term, ranging between three and five years and signed with Government agencies and private entities. Management expects that the regular cash flow derived from these long-term contracts will facilitate the process of obtaining external financing backed by these leased assets and will in turn reduce the cost of borrowing for Dar Al-Arkan in future.

The total cost of Parisiana, excluding the cost of the commercial mall (see the section below entitled "*—Al-Qasr Mall*"), was approximately SAR 2 billion (U.S.$534 million).

Residential and commercial properties

Dar Al Mashaer Towers (previously called Al Azizia Towers)

The Dar Al Mashaer Towers project is seven towers comprising 314 apartments and six penthouses constructed over 6,300 square metres of land and is located in Makkah city at a significantly important location on Aziziah Street next to the Holy Mosque and the Jamarat. Following completion of the lease with King Abdullah Medical City, the building was repossessed in 2021 for a full refurbishment with a view to preparing the property for sale.

As of the date of this Base Prospectus, the refurbishment of the building is ongoing and is expected to be completed by the end of the third quarter of 2023 and the units in the towers will be handed over to new customers shortly

thereafter. As of the date of this Base Prospectus, 192 apartments have been released for sale, of which 128 have been sold.

Al-Qasr Mall

Al-Qasr Mall, which opened in June 2012, is located adjacent to the Parisiana residential and commercial project (see "*Master-Planned Communities— Parisiana*" above), mid-south of Riyadh, a strategic choice of location for the project in an area of Riyadh with a shortage of malls and a relatively affluent local population.

Al-Qasr Mall was developed using high quality, modern design, building and finishing standards, with a total built-up area of 235,288 square metres, comprising 499 shops over four floors and parking capacity for more than 1,800 cars. In addition, Al-Qasr Mall includes a cinema multiplex with 15 screens opened in March 2019, a children's amusement zone, a food court, the largest Billy Beez venue in Riyadh, an ice skating rink, a ninja obstacle course and an 800-metre-long exterior lighting façade (currently the largest in the Middle East) which is utilised for advertising purposes.

Tenants in Al-Qasr Mall include department and retail stores, cafes, restaurants and a hypermarket. A number of high profile international and regional retailers have leased retail space in Al-Qasr Mall including Vox, Carrefour, Landmark Group, Al Shaya and Sala Entertainment.

Dar Al-Arkan has retained Al-Qasr Mall as a leasable asset as part of its investment properties portfolio. It consists of approximately 76,000 square metres of net leasable commercial space.

The leasing ratio of Al-Qasr Mall stood at 87 per cent. as of 31 March 2023. The total cost of the Al-Qasr Mall was approximately SAR 1.04 billion (U.S.$277.60 million).

Projects under development

Land Development Projects

Qasr Khozam

The Qasr Khozam land development project, which was announced in 2008 and commenced construction in 2011, is being developed as a joint venture between Dar Al-Arkan and Jeddah Development and Urban Regeneration Company, with Dar Al-Arkan having 66.50 per cent. ownership. Khozam REDC was formed in October 2009 to develop the Qasr Khozam project.

The project consists of approximately 4 million square metres of land located in the central south east region of Jeddah, near the port and the district of Al Balad, the original city centre of Jeddah. The project is intended to revitalise the city centre of Jeddah into a fully sustainable central business district. The land area will be completely redeveloped, with existing infrastructure replaced entirely with new infrastructure that will support wide roads, a light rail transportation system and high-rise buildings with existing dwellings being demolished.

Dar Al-Arkan is responsible for performing a feasibility study and creating a master plan for the project. In addition, Dar Al-Arkan is responsible for developing basic infrastructure relating to residential and commercial use, such as water, electricity and other utilities, as well as paved streets and sidewalks.

Khozam REDC has obtained all required approvals for the project, including the approval of the master plan by the MoMRAH and all permissions and licences required for processing the deeds for the first phase of the project.

The project has been divided into five phases. The first phase of the project involves the development of 165,000 square metres of land. The infrastructure design was completed for phase 1 during 2022 and final approvals to commence phase 1 construction are now awaited.

The total expected cost of phase 1 of the Qasr Khozam project is estimated to be SAR 586 million (U.S.$156.3 million) as of 31 March 2023. The total estimated cost of the Qasr Khozam land development project is expected to be approximately SAR 12 billion (U.S.$3.2 billion).

Master-Planned Communities

Shams Ar Riyadh

The Shams Ar Riyadh project is Dar Al-Arkan's second master-planned community and is located in Riyadh's Al-Dariyia district. The Shams Ar Riyadh project is one of the largest residential development projects ever initiated in the Kingdom by size, comprising a total area of approximately five million square metres, of which 1.8 million square metres were strategically sold by Dar Al-Arkan to the Saudi Basic Industries Corporation (**SABIC**). SABIC purchased the land to provide housing for its senior executives and their families. This was a strategic decision that was intended to enhance the visibility, demand and price for the development. Notable features of the Shams Ar Riyadh project include highland altitude, wide roads, pedestrian sidewalks and scenic landscaping. Shams Ar Riyadh is designed to cater to the middle to upper bracket of the middle-income market segment.

In accordance with Dar Al-Arkan's strategy of phased development, the infrastructure development of the Shams Ar Riyadh project commenced in 2007. This covered the completion of grading works, development of the project's frontage, construction of a bridge passing over the natural valley linking commercial and residential areas and the construction of two electrical power substations. In 2017, Dar Al-Arkan awarded the redesign contract for the project's main roads and related infrastructure to Saudi Consult. At the end of 2017, the main road construction work was completed.

The Shams Ar Riyadh project is also expected to include residential villas for sale to retail customers, some of which are expected to be designed by Roberto Cavalli and Versace. During 2018, approval was granted to Dar Al-Arkan to initiate residential plot sales on an off-plan basis. As of 31 March 2023, all of the 2,065 plots which had been released had been sold or reserved, with an aggregate sale value of SAR 6.69 billion (U.S.$1.78 billion). Dar Al-Arkan also intends to develop a number of designer villas and a retail strip (subject to further feasibility studies). The master plan of the project provides for public services and facilities such as mosques, healthcare centres, hotels, a culture centre, educational services, a retail mall and a commercial centre with landscaping and open spaces. The total cost of the project is estimated to be approximately SAR 3.04 billion (U.S.$0.81 billion) and, as of 31 March 2023, infrastructure works on certain zones (4A and 4B) have been fully completed whereas works on the remaining zones are more than 55 per cent. complete, progressing steadily and expected to be completed on time.

Shams Al Arous

The Shams Al Arous project is Dar Al-Arkan's third master-planned community and is located approximately five kilometres from the intersection of Palestine Road and Al Harmain Road east of downtown Jeddah, covering an area of approximately 0.9 million square metres. Development of the Shams Al Arous project will be completed in stages. The Shams Al Arous project is divided into four zones and features a retail area to offer amenities and serve the community. Phase 1 of this project was launched in early 2021 and a significant portion of the construction works at the site had been completed as of 31 March 2023. The total estimated cost for the project is SAR 710.37 million (U.S.$189.43 million). The overall project consists of 876 residential and commercial plots. As of 31 March 2023, all of the released 244 plots being developed as part of phase 1 of the Shams Al Arous project had been sold or reserved.

Juman Project

The Juman Project is Dar Al-Arkan's fourth master-planned community and the project started in 2014 as a joint venture between Dar Al-Arkan Real Estate Development Company and a group of high net worth Saudi businessmen based in the Kingdom. In addition to being a shareholder in this project with an 18 per cent. equity share, Dar Al-Arkan will undertake the master plan development and project management.

The Juman Project will be developed over a total land area of 8.2 million square meters as an integrated, mixed use, master planned community. This vibrant community will be located on the waterfront near the City of Dammam in the Eastern Region of the Kingdom.

The development of the Juman Project will be completed in phases, with the first phase of the construction of the project due to commence towards the end of 2023. This initial phase of the project will involve the reclamation of approximately three million square metres of land, as well as the completion of the necessary infrastructure work at a cost of SAR 1.8 billion (U.S.$480 million), which includes the construction of bridges to provide a direct connection between Dammam and Ras Tanura where the Juman Project is located. This first phase of the project is expected to be completed by 2026.

In 2021, the concept design was presented to the Eastern Province Development Authority. As of the date of this Base Prospectus, Saudi Aramco approval is awaited in order to proceed with this project.

The future development of the project will consist of commercial areas which include business centres, shopping centres, hotels, entertainment and resorts. The project is expected to create economic opportunities and provide strong investment returns for Dar Al-Arkan due to the design, product mix and strategic location of the site.

The Juman Project's master plan includes residential areas that will be built on a land area of 3.65 million square metres. The residential development will provide a variety of housing solutions that meets the needs of families and individuals in the Eastern Region. The project will also offer large recreational and public service facilities.

Buraidah Hills

The Buraidah Hills project is a master plan project strategically located in the growing western part of Buraidah city. The development area is approximately 291,000 square metres and includes a total net land area of 186,000 square metres. The project will be sold off-plan to end buyers under the Wafi programme. Different serviced land sizes will be made available. The masterplan also offers to provide common activities, such as commercial spaces, schools, markets, mosques, green spaces and gardens.

The infrastructure works started on 1 May 2022, with completion targeted by the end of the third quarter of 2023. As of 31 March 2023, an estimated 90 per cent. of the infrastructure work at the site had been completed. The total estimated cost for the project is SAR 49 million (U.S.$13 million). As of 31 March 2023, 382 out of a total of 405 units have been sold or reserved.

Etoile Villas

Dar Al-Arkan won a contract in 2022 to develop residential units in SEDRA, an integrated community project being developed in northern Riyadh by national developer ROSHN, a PIF-backed company.

Dar Al-Arkan aims to develop three blocks of villas as part of a larger master development that comprises 163 villas to be executed on 163 plots totaling 45,544 square metres. The project will be developed on serviced plots with the necessary infrastructure provided by the master developer.

The design of the villas shall be as per local authority requirements and in line with Salmani architectural typology. The project includes seven villa typologies with average plot sizes ranging from 200 to 350 square metres, with a combined total built up area of 54,653 square metres. These villas will bear the branding of Elie Saab.

The total estimated cost for this project is SAR 323 million (U.S.$86 million) and it is estimated to be completed in the first half of 2025.

Commendatore Tower

The Commendatore Tower is to be built on a total land area of 11,928 square metres, comprising 48 floors of a Lamborghini branded residential tower consisting of 710 apartments of varying sizes, located in a strategic location with an overlooking sea view and directly accessible to Jeddah Corniche road, with close proximity to Al Nawras square.

The concept design was submitted to Jeddah municipality as a special and pilot project, which was approved by the higher committee in the second quarter of 2022 and subsequently traffic, aviation and enabling work approvals were obtained. Currently, work is ongoing to complete the design development and detailed design for the project.

This project is carried out by Ibdaa, the total estimated cost for this project is SAR 712 million (U.S.$190 million) and it is estimated to be completed in 2026.

International residential and commercial projects

Urban Oasis by Missoni (previously known as the I Love Florence Tower)

The Urban Oasis by Missoni tower is a 34 storey residential development located on the Dubai Canal and will contain bespoke apartments with luxury interiors designed with the cooperation of Missoni.

This tower is Dar Al-Arkan's first project in the UAE and contains the region's first bespoke Missoni-inspired living spaces. This tower is designed to cater to middle to high-income market segment and comprises 465 modern

apartments with a built up area of approximately 44,000 square metres. This project was announced in December 2017 and is expected to be completed by the end of 2023. As of 31 March 2023, 427 out of a total of 465 units have been sold or reserved. The total cost of the project is estimated to be SAR 522 million (U.S.$139 million).

Sidra

Sidra is the largest single real estate development project in Bosnia. The site is situated in Ravne, Vareš, 38 km outside Sarajevo, the capital of Bosnia.

The project aims to provide low-rise residential holiday villas, commercial areas, a hotel and recreational facilities. The total land area of the project is approximately 500,000 square metres. Municipal and federal approval for the development have been obtained and, as of 31 March 2023, out of a total of 476 plots within the project, 97 plots had been sold or reserved. The Sidra project is expected to be completed in 2024 and the total cost of this project is currently estimated to be SAR 89 million (U.S.$24 million).

Da Vinci Tower

The Da Vinci Tower (previously Dar Al-Arkan Pagani Tower) is a residential building strategically located along the Dubai Canal in Downtown Dubai. It overlooks the world's tallest building, the Burj Khalifa.

The project was launched in 2021 when the Group acquired the J1 Tower, a completed building for SAR 383 million. The acquisition was made on a deferred sale basis and, initially, the Group made a SAR 77 million payment for this property. During 2022, the remaining acquisition price was paid in full to receive a settlement discount on the earlier agreed price.

In November 2021, Dar Al-Arkan entered into a branding agreement with Pagani Automobili S.p.A., an internationally known high-end Italian automotive and design house. The Da Vinci Tower is designed to cater to the high-income market segment with a saleable area of approximately 21 thousand square metres.

The mock-up apartment was completed in 2022. The refurbishment stage of the Da Vinci Tower project is expected to be fully completed by December 2023. The total estimated cost of the project is SAR 613 million (U.S.$163 million). As of 31 March 2023, 33 out of a total of 85 units have been sold or reserved.

W Residences

The W Residences is a residential building in one of the most prominent urban neighbourhoods in the world, Downtown Dubai. It is a distinct residential tower strategically located by Business Bay, in view of many of Dubai's major landmarks.

W Residences offers a wide range of high-end amenities, including a clubhouse, guest suites, a modern fitness centre, a communications area with a private cinema, games room and relaxation area, business offices with co-working spaces and meeting rooms, an outdoor infinity pool, and a large terrace with a lounge and dining area, and a walking track.

The W Residences was launched in early 2022 and it is expected to be completed in 2026. As of 31 March 2023, out of a total of 385 units, 381 units had been sold or reserved. The total estimated cost of the project is SAR 858 million (U.S.$229 million).

Aida

In December 2021, Dar Al-Arkan signed a memorandum of understanding with Omran to develop a 3.4 million square metre site as part of the hilltop site of Yitti and Yenkit, Muscat. The project comprises 3,500 residential units consisting of medium-sized villas, townhouses and low-rise apartments. It also features two hotels, a plaza filled with cafes and restaurants in addition to an 18 hole luxury golf course and golf club.

The project will be phased over ten years with a plan to launch one phase per year. The last phase of this project is expected to be completed in December 2034.

In November 2022, Dar Al-Arkan and The Trump Organisation entered into a series of agreements with respect to the management of the hotel and golf course to be built within the Aida project and the licensing rights to brand residential villas in the project.

Bookings for phase 1 of the project commenced in the first quarter of 2023, with construction expected to commence by the end of the third quarter of 2023. As of 31 March 2023, 371 units have been released and 46 units have been reserved. The total estimated cost of the project is SAR 6.41 billion (U.S.$1.71 billion).

Les Vagues

Les Vagues by Elie Saab is situated in Qetaifan Island North, covering an area of approximately 1.3 million square metres. It is a part of an exclusive gated community in Qetaifan Islands that lies within the new city of Lusail located just to the north of Doha.

This project was launched on 19 October 2022 in partnership with Qetaifan Projects, a leading Qatari real estate development company fully owned by Katara Hospitality.

Les Vagues features 303 one, two and three-bedroom sea-front residences with a variety of terraces and floor-to ceiling windows.

Sales for the first lot of Les Vagues residences were officially launched in October 2022. This project is currently expected to be completed by December 2027, with construction currently due to commence in the third quarter of 2023. As of 31 March 2023, 229 units have been released and 55 units have already been sold or reserved. The total estimated cost of the project is SAR 968 million (U.S.$258 million).

Benahavis

Dar Al-Arkan signed a purchase contract in the first quarter of 2022 with respect to two plots of land with a total area of over 97,500 square metres and a saleable area of over 20,503 square metres in Benahavis, Spain.

Benahavis is a Spanish town and municipality in the province of Malaga, which is located seven kilometres from the coast and is in close proximity to the resort of Marbella. The project is expected to be developed in collaboration with Marbella Club, a well-known brand of luxury hotels and developments. All villas and apartments in this project will have sea views.

Construction at this project is expected to commence in the third quarter of 2023 and is estimated to be completed before the end of 2024. The total estimated cost of the project is SAR 427 million (U.S.$114 million).

Finca Cortesin

Dar Al-Arkan acquired a plot of land in the fourth quarter of 2022 in the municipality of Casares in the province of Malaga in southern Spain. This development plot is located in the Andalucia coast, not far from the Finca Cortesin resort which has an 18-hole championship golf course.

The total land area of the Finca Cortesin project is 16,467 square metres, of which buildable land constitutes 9,386 square metres. Dar Benahavis intends to build 35 villas on this land, with residents gaining access to the private golf course of the Finca Cortesin resort and 24/7 concierge home services.

The Finca Cortesin project is currently in the pre-construction phase and is expected to be completed in June 2025. The total estimated cost of the project is SAR 205 million (U.S.$55 million).

Tabano

Dar Al-Arkan acquired six plots of land in September 2022 in the municipality of Manilva in the province of Malaga on its border with the province of Cadiz in southern Spain. The plots are located approximately 45 minutes' distance from Marbella by car and are close to several polo clubs and beach areas of the Costa del Sol.

The total land area of the Tabano project is 4,650,092 square metres with a net total buildable area of 1,586,000 square metres, consisting of 200 land plots. Dar Al-Arkan intends to develop residential units on these available land plots.

The Tabano project is currently in the early permitting stage and is expected to be completed in December 2029. The total estimated cost of the project is SAR 715 million (U.S.$191 million).

Old Park Lane Project

Dar Al-Arkan and FCP (London) Ltd entered into a joint venture in November 2022 to acquire the fourth floor apartment of 149 Old Park Lane, London, United Kingdom. The 471 square metre apartment has views over Green Park and is in close proximity to Hyde Park, The Ritz, Harrods and Knightsbridge. This property is a single apartment on one floor of the building.

The shareholders of the joint venture plan to reconfigure and improve the existing layouts and undertake a full refurbishment of the apartment, with an expected completion of the refurbishment in the first quarter of 2024. The total estimated cost of the project is SAR 83 million (U.S.$22 million).

Administrative systems and IT

Dar Al-Arkan uses state-of-the-art IT systems to organise its project development operations. Dar Al-Arkan uses an oracle based enterprise resource planning tool (which includes a property management module), as well as Primavera, an engineering and project management application.

Intellectual property

Save for Dar Al-Arkan's logo, which is registered as a trademark in the Kingdom, there are no other trademarks, patents, copyright or other intellectual property rights which are material in relation to Dar Al-Arkan's business or profitability or on which Dar Al-Arkan is dependent.

Market research

Dar Al-Arkan has invested significantly in market research during its history, which management believes has contributed to Dar Al-Arkan's growth in recent years. Since its inception, Dar Al-Arkan has invested more than SAR 50 million (U.S.$13.3 million) in market research. Dar Al-Arkan also commissions research on the real estate development and real estate finance markets. Going forward, Dar Al-Arkan plans to continue to invest in market research.

Competition

In recent years, large regional real estate developers have entered the Kingdom's real estate development market, in particular developers from the UAE. Certain of these competitors are developing projects similar to Dar Al-Arkan's master-planned communities. These competitors have greater expertise and financial, technical and marketing resources than the smaller developers with which Dar Al-Arkan has historically competed. Notwithstanding this increase in competition, management believes that Dar Al-Arkan remains a leading real estate developer in the Kingdom, particularly with respect to master-planned communities targeted to a diverse range of income segments in the relevant market.

Employees

As of 31 March 2023, Dar Al-Arkan employed 437 employees (excluding third party consultants and contractors). Approximately 57 per cent. of Dar Al-Arkan's workforce is located in Riyadh where its headquarters are situated. The remaining employees are located in Dar Al-Arkan's branch offices, in Makkah and Jeddah in the Kingdom, and other locations worldwide as indicated in the table below. There was a significant increase in the number of employees outside the Kingdom due to an expansion of Dar Global PLC's operations and subsequent listing of Dar Global PLC on the London Stock Exchange's main market.

The table below sets out a breakdown of Dar Al-Arkan's employees by office/branch and nationality, as of 31 March 2023:

Office/Branch	Number of non-Saudi employees	Number of Saudi employees	Total number of employees
Kingdom			
Riyadh	119	131	250
Makkah	9	—	9
Jeddah	—	3	3
United Arab Emirates			
Dubai	124	—	124
Oman		—	
Muscat	17	—	17

Office/Branch	Number of non-Saudi employees	Number of Saudi employees	Total number of employees
Qatar		—	
Doha	10	—	10
Spain		—	
Malaga	4	—	4
United Kingdom		—	
London	8	—	8
China		—	
Beijing	12	—	12
Total	**303**	**134**	**437**

Dar Al-Arkan seeks qualified recruits in local and international labour markets and aims to offer competitive remuneration in order to retain a competent and skilled workforce.

Disputes

Dar Al-Arkan is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Dar Al-Arkan is aware) since the date of its incorporation which may have or have in such period had a significant effect on the financial position or profitability of Dar Al-Arkan.

Capital structure

As of 31 March 2023, Dar Al-Arkan's issued capital stood at SAR 10.8 billion (U.S.$2.9 billion) divided into 1.1 billion ordinary shares with a par value of SAR 10 each (U.S.$2.7). The shares of Dar Al-Arkan are listed on the main market of Tadawul and are a component of the Tadawul All Share Index. As of 31 March 2023, no shareholder held more than 5 per cent. of Dar Al-Arkan's issued share capital.

As of the date of this Base Prospectus, Dar Al-Arkan has not issued any options or other rights to acquire shares in its share capital.

Corporate structure

Dar Al-Arkan has established a number of subsidiary companies in order to diversify its investment portfolio and sources of income. The following is a summary of Dar Al-Arkan's principal operating subsidiaries:

Dar Al-Arkan Properties (Real Estate) Company

Dar Al-Arkan Properties (Real Estate) Company is a privately held joint stock company registered in Riyadh with commercial registration no. 1010254063, dated 25/7/1429H (corresponding to 28 July 2008). Its principal operations include the development and acquisition of commercial and residential real estate and the provision of management and operational services and the maintenance of residential and commercial buildings and public facilities.

Dar Al-Arkan Commercial Investment Company

Dar Al-Arkan Commercial Investment Company is a limited liability company registered in Riyadh with commercial registration no. 1010247585, dated 28/3/1429H (corresponding to 5 April 2008). Its principal operations include real estate investment.

Dar Al-Arkan Sukuk Company

Dar Al-Arkan Sukuk Company is a limited liability company registered in Riyadh with commercial registration no. 1010256421, dated 16/9/1429H (corresponding to 16 September 2008). Its principal operations include real estate development and investment.

Sukuk Al-Arkan Company

Sukuk Al-Arkan Company is a limited liability company registered in Riyadh with commercial registration no. 1010274407, dated 11/10/1430H (corresponding to 1 October 2009). Its principal operations include the development, maintenance and management of real estate, purchase of land and general contracting.

Dar Al-Arkan Sukuk International Company

Dar Al-Arkan Sukuk International Company (formerly Siyada Investment Company) is a limited liability company registered in Riyadh with commercial registration no. 1010275448, dated 30/10/1430H (corresponding to 19 October 2009). Its principal operations include real estate investments and development.

Dar Al-Arkan Construction Technology Company

Dar Al-Arkan Construction Technology Company, formerly known as Dar Al-Arkan Contracting Company, is a limited liability company registered in Riyadh with commercial registration no. 1010521509, dated 22/6/1438H (corresponding to 21 March 2017). Its principal operations include the development of real estate and the provision of leasing, management and operational services.

Maaqel Real Estate Company

Maaqel Real Estate Company is a limited liability company registered in Riyadh with commercial registration no. 1010600708, dated 24/2/1441H (corresponding to 23 October 2019). Its principal operations include real estate, leasing and property management.

Bawadi For Real Estate Company

Bawadi For Real Estate Company is a limited liability company registered in Riyadh with commercial registration no. 1010600710, dated 24/2/1441H (corresponding to 23 October 2019). Its principal operations include general construction, purchase and sale, acquisition, leasing of real estate and property management.

Al-Enteshar Real Estate Company

Al-Enteshar Real Estate Company is a limited liability company registered in Riyadh with commercial registration no. 1010600709, dated 24/2/1441H (corresponding to 23 October 2019). Its principal operations include sale and purchase, acquisition, leasing of real estate and property management.

Iktifa Real Estate Company

Iktifa Real Estate Company is a limited liability company (previously known as Sawaed Real Estate Company) registered in Riyadh with commercial registration no. 1010600711, dated 24/2/1441H (corresponding to 23 October 2019). Its principal operations include sale and purchase, acquisition, leasing of real estate and property management.

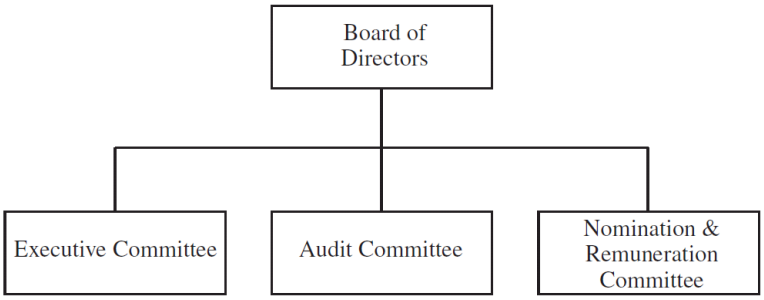
Dar Al-Arkan For Real Estate Development LLC

Dar Al-Arkan For Real Estate Development LLC is a limited liability company incorporated under the laws of Qatar with commercial registration no. 165584, dated 14/7/1443H (corresponding to 15 February 2022). Its principal operations include real estate development.

MANAGEMENT

Overview

The following chart shows the structure of Dar Al-Arkan's corporate governing bodies, including its Board of Directors (the **Board**) and committees of the Board:



Board of Directors

Dar Al-Arkan's Board is responsible for the management of Dar Al-Arkan's business. It consists of six members who are elected by a regular meeting of the general assembly of the shareholders for a period not exceeding three years. The appointments of the current members of the Board are due to end in May 2025.

The Chairman and Vice Chairman of the Board are appointed by the Board, which also determines their powers and remuneration (if any). The Board has the power to propose its compensation for approval to the general assembly of the shareholders.

The following table shows a list of current members of the Board.

Name	Capacity
Yousef Abdullah Al Shelash	Chairman
Majed Bin Abdulrahman Al Qasem	Vice Chairman
Hethloul Bin Saleh Al Hethloul	Member
Tariq Bin Mohamed Al Jarallah	Member
Dr. Abdulaziz Bin Ibrahim Al Mana	Member
Abdulrahman Saleh Alsawi	Member

In the five years preceding the date of this Base Prospectus, no member of the Board had been convicted of any fraudulent offence, served as director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies, or has been disqualified by a court from acting as a director of an issuer or from acting in the management or conduct of affairs of any issuer.

There are no conflicts of interest between the private interests or other duties of Dar Al-Arkan's directors and their duties to Dar Al-Arkan. The business address of each of the Directors is c/o Dar Al-Arkan Real Estate Development Company, Maathar Street, P.O. Box 105633, Riyadh 11656, Kingdom of Saudi Arabia.

Four of the six members of the Board are also founding shareholders of Dar Al-Arkan. Set forth below are brief biographies of each member of the Board.

Mr. Yousef Abdullah Al Shelash (Chairman)

Mr. Al Shelash is Chairman of the Board. He is a Saudi national and a founding shareholder of Dar Al-Arkan. Mr. Al Shelash has experience in strategic planning and real estate development. He is also the chairman of SHL and Alkhair Capital Saudi Arabia. Mr. Al Shelash holds a Bachelor's degree in Islamic Law from Imam

Mohammad bin Saud Islamic University, the Kingdom, and a Diploma of Studies in Procedural Systems from the Institute of Management Accountants, the Kingdom.

Mr. Majed Bin Abdulrahman Al Qasem (Vice Chairman)

Mr. Al Qasem is Vice Chairman of the Board. Mr. Al Qasem is a Saudi national and a founding shareholder of Dar Al-Arkan. Mr. Al Qasem has a diverse range of experience working in strategic planning, real estate development, investment management and control, as well as risk and governance. He is also the vice chairman of Alkhair Capital Saudi Arabia. Mr. Al Qasem holds a Bachelor's degree in Islamic Law from Imam Mohammad bin Saud Islamic University, the Kingdom, and a Diploma of Studies in Procedural Systems from the Higher Judicial Institute, the Kingdom.

Mr. Hethloul Bin Saleh Al Hethloul

Mr. Al Hethloul is a member of the Board. He is a Saudi national and a founding shareholder of Dar Al-Arkan. His expertise is in real estate investment, finance and valuation, and strategic planning. In addition, Mr. Al Hethloul has attended training courses in, amongst other things, committee management, risk, strategic management, corporate governance, and practical tools for strategic guidance and management control. Mr. Al Hethloul holds a Diploma of Business Science.

Mr. Tariq Bin Mohamed Al Jarallah

Mr. Al Jarallah is a member of the Board. He is a Saudi national and a founding shareholder of Dar Al-Arkan. In addition, he has attended training courses in, amongst other things, the fields of strategic planning and corporate governance. His expertise is in land planning and valuation of real estate, and areas of preparing feasibility studies, modern management methods, developing the necessary plans and preparing time studies in the field of marketing, real estate sales, market study and consumer need as well as supervision of architectural projects. He is a founding partner of AlKhair Group Holding Limited located in the Dubai International Financial Centre, UAE. Mr. Al Jarallah holds a Bachelor's degree in Management from King Saud University, the Kingdom.

Dr. Abdulaziz Bin Ibrahim Al Mana

Dr. Al Mana is an independent member of the Board. Dr. Al Mana was also a University Professor, a former Minister of State in the Council of Ministers, and a former member of the *Shura* Council. His expertise is in strategic planning, engineering education and management systems. Dr. Mana holds several degrees, including a Bachelor's degree in Civil Engineering, University of Santa Clara, the United States, and a Master's degree and a Ph.D. in Civil Engineering from Stanford University, the United States. He has produced a number of publications and research notes, received several awards, and participated in local, regional and international conferences and seminars.

Mr. Abdulraahman Saleh Alsawi

Mr. Alsawi is an independent member of the Board. He has over 24 years of experience in the fields of infrastructure development and development and investment in real estate projects. He has experience in managing residential, commercial and hotel real estate. He also has proven experience in managing land development and value creation. Furthermore, he has a special background in real estate valuation and appraisal.

Committees

Executive Committee

The Executive Committee comprises the Chairman of the Board, in addition two other members of the Board, all of whom are appointed by the Board. The Executive Committee is responsible for, amongst other things, monitoring the implementation of Dar Al-Arkan's strategy by overseeing the preparation of the operational plan and its execution, reviewing and recommending the adoption of Dar Al-Arkan's values, vision, goals and policies, providing advice in relation to investments, including in relation to mergers and/or joint ventures and/or obtaining project financing, ensuring the proper allocation of resources for the implementation of Dar Al-Arkan's strategies, such as funding and human resources, developing criteria for the selection of the Chief Executive Officer and members of senior management and supervising its implementation, reviewing and evaluating the performance of senior management in achieving Dar Al-Arkan's objectives, reviewing and evaluating Dar Al-Arkan's strategic plans, reviewing periodic reports presented by senior management, and approving policies and guidelines recommended by the Human Resources department.

The Executive Committee held four meetings during 2022.

Audit Committee

The Audit Committee comprises four members of the Board who are recommended by the Board and appointed by the general assembly of the shareholders of Dar Al-Arkan. The Audit Committee is responsible for, among other things, supervising Dar Al-Arkan's internal audit department and studying its reports, reviewing Dar Al-Arkan's annual financial statements and accounting policies, recommending the appointment of audit firms to the Board, and studying regulatory authorities' reports on Dar Al-Arkan's compliance with the applicable regulations and directives. Dar Al-Arkan's employees are able to provide their observations regarding any violation of Dar Al-Arkan's internal regulations. The Audit Committee submits its recommendations to the Board.

The Audit Committee held five meetings during 2022. The Audit Committee reviewed Dar Al-Arkan's quarterly and annual financial statements as of and for the year ended 31 December 2022 and provided its recommendations to the Board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises the Chairman of the Board, in addition to two Board members, all of whom are appointed by the general assembly of the shareholders of Dar Al-Arkan. The Nomination and Remuneration Committee is responsible for providing recommendations to the Board for potential nominees to join the Board, performing an annual review of the criteria required to be met by potential nominees to the Board, providing a description of the capabilities and qualifications required for membership of the Board, reviewing the structure of the Board and recommending necessary changes identifying strengths and weaknesses, confirming periodically the independence of members of the Board and the absence of any conflicts of interest with any other board memberships, and developing clear policies and criteria for remuneration of members of the Board and senior management according to agreed performance criteria.

The Nomination and Remuneration Committee held two meetings during 2022.

Senior Management

The senior management team of Dar Al-Arkan comprises professionals with significant experience in the field of real estate development and their respective areas of specialty. Each member of senior management has specific responsibilities and is subject to the oversight by the Chief Executive Officer.

The aggregate annual compensation of the senior executive officers including the Chief Executive Officer and Chief Financial Officer for the three-month period ended 31 March 2023 was SAR 2.47 million (U.S.$0.66 million).

The following table shows a list of current members of the senior management team:

Name	Position
Anand Raheja	Chief Executive Officer
Philip Antony	Chief Financial Officer
Mohammed Al Motawakil	Chief Business Development Officer
Rasha Al Othaim	Sales Director
Waleed AlRai	General Manager of Development
Qais Dabbas	General Manager of Construction
Abdallah Alsaeed	Investor Relations Manager

In the five years preceding the date of this Base Prospectus, no member of Dar Al-Arkan's senior management team had been convicted of any fraudulent offence, served as director, partner, founder or senior manager of any organisation at the time of any bankruptcy, receivership, any official public incrimination or sanctions by statutory or regulatory authorities, including designated professional bodies.

There are no conflicts of interest between the private interests or other duties of Dar Al-Arkan's senior management team and their duties to Dar Al-Arkan.

Set forth below are brief biographies of each member of the senior management team:

Mr. Anand Raheja (Chief Executive Officer)

Mr. Raheja re-joined Dar Al-Arkan in May 2018 initially to serve in the role of Chief Financial Officer, having previously performed this role between 2011 and 2013. Mr. Raheja has held the position of Chief Executive Officer since June 2019. He has more than 30 years of experience working with the largest real estate companies and accounting and auditing firms in the Middle East, the United States, the UK and India. Mr. Raheja holds a Master's degree in Finance from New York University, the United States.

Mr. Philip Antony (Chief Financial Officer)

Mr. Antony has held the position of Chief Financial Officer since June 2019. In his previous role as Director – Accounting and Financial Reporting, he led several key initiatives at Dar Al-Arkan, including overseeing previous sukuk issued by Dar Al-Arkan 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. in India and the United States, respectively. Mr. Antony holds a Master of Commerce degree from University of Calicut, India, and is a Chartered Accountant.

Mr. Mohammed Al Motawakil (Chief Business Development Officer)

Mr. Al Motawakil joined Dar Al-Arkan as Chief Business Development Officer in 2022. He has over 20 years of experience in the real estate sector in the Kingdom and the United States. Mr. Al Motawakil has held leadership roles in both the private and public sectors. His previous experience has included business development, investment, and finance roles in a wide range of real-estate disciplines, including residential, commercial, and mixed-used developments. Mr. Al Motawakil specialises in strategy and planning, programme development and implementation, transaction structuring, as well as a particular focus on environmental and sustainable PPP projects. In addition, Mr. Al Motawakil holds a Bachelor's degree in Finance and International Business from The George Washington University, the United States, and a Master's degree in Real Estate Management and Development from American University, the United States.

Ms. Rasha Al-Othaim (Sales Director)

Ms. Al-Othaim joined Dar Al-Arkan in September 2017 and currently leads the Sales Operations Department. She has more than eight years of experience in sales and business management. Prior to joining Dar Al-Arkan, Ms. Al Othaim was Team Leader in Al Awwal Bank. Ms. Al-Othaim holds a Bachelor's degree from the College of Advocacy and Media at Imam Mohammad bin Saud University, the Kingdom.

Mr. Waleed AlRai (General Manager of Development)

Mr. AlRai joined Dar Al-Arkan as General Manager of Development in 2022. He has nearly two decades of experience in real estate development, investment and strategy. During his career, Mr. AlRai has worked for leading property developers, investment and advisory companies, and he has managed a wide range of large-scale asset classes including branded residential, hospitality, retail, leisure, entertainment, and mixed-use projects. These companies included Saudi Entertainment Venture (SEVEN) (an execution and investment arm of PIF in the entertainment sector), Damac Properties, Eagle Hills, Dubai Pearl and the Catalyst Group (a wholly-owned subsidiary of the Islamic Corporation for the Development of the Private Sector, which is a member group of the Islamic Development Bank Group). Mr. AlRai graduated in advanced real estate management from Harvard University, the United States, where he was awarded recognition for an outstanding digital real estate platform graduation project. He also holds a Bachelor's degree in architectural engineering from Jordan University, Jordan.

Mr. Qais Dabbas (General Manager of Construction)

Mr. Dabbas joined Dar Al-Arkan as General Manager of Construction in 2022. He has 23 years of experience in the construction industry, as well as project management, in the Middle East, including the Kingdom, the UAE, Qatar and Jordan. Prior to joining Dar Al-Arkan, Mr. Dabbas worked for a number of leading international businesses, including Al Arrab Contracting Company and Al Jaber Engineering, delivering a variety of projects such as high rise towers, government buildings, residential developments and infrastructure projects. Mr. Dabbas

holds a Bachelor's degree in Architectural Engineering from Jordan University of Science and Technology, Jordan.

Mr. Abdullah Alsaeed (Investor Relations Manager)

Mr. Alsaeed joined Dar Al-Arkan in 2018 and serves as the Investor Relations Manager. He has over 12 years of experience in investor relations and finance, having worked as an investor relations and compliance manager at Zain Telecom, as a senior analyst in investor relations at Mobily, and as a finance trainee as part of Mobily's Saudi talent programme. Mr. Alsaeed holds a Bachelor's degree in Business Administration from Valparaiso University, the United States. He is also a Certified Life Coach from the International Coaching Federation.

Ownership of Shares by Directors and Senior Management

Details of members of the Board's and the senior management team's shareholdings are published each year in Dar Al-Arkan's annual report. As of 31 December 2022, no member of the Board or senior management held more than one per cent. of Dar Al-Arkan shares.

Corporate Governance

The board of the CMA issued a resolution dated 16/5/1438H (corresponding to 13 February 2017), which approved the Corporate Governance Regulations in the Kingdom, as amended by a resolution of the board of the CMA dated 25/6/1444H (corresponding to 18 January 2023) (the **Corporate Governance Regulations**). Dar Al-Arkan has implemented all of the mandatory rules and standards set out in the Corporate Governance Regulations, including Articles 9 (*Distribution of Dividends*), 12 (*Competencies of the Ordinary General Assembly*) and 14 (*The Agenda of the General Assembly*).

Dar Al-Arkan has also implemented the majority of the guiding articles set out in the Corporate Governance Regulations, in particular, the articles relating to the rights of shareholders and compliance with disclosure and transparency procedures, composing the Internal Audit Department, including the development of the annual Internal Audit Plan and the Internal Audit Reports on a quarterly basis, and regulating Dar Al-Arkan's relationship with its various stakeholders.

In recent years, Dar Al-Arkan has been recognised with a number of awards, including:

- a nomination from the Cambridge Global Good Governance Programme (Cambridge 3G Programme) with respect to the 3G Socially Responsible Business Award 2022;
- Best Real Estate Developer 2021 award at the Restatex Riyadh Real Estate Exhibition 2022;
- Regulation S Sub-Investment Grade deal of the year award by GFC Media Group's Bonds, Loans & Sukuk Middle East Awards 2020 in respect of Dar Al-Arkan's issuance of U.S.$600,000,000 6.750 per cent. Trust Certificates due 2025;
- Best Corporate Governance (Saudi Arabia) award in 2016 from World Finance; and
- Corporate Governance Company of the Year (Middle East and North Africa) in 2015 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).

Purchase Agreement

The Master Purchase Agreement was entered into on 7 June 2022 between the Trustee (in its capacity as Purchaser) and Dar Al-Arkan (in its capacity as Seller) and is governed by the laws and regulations of the Kingdom and a Supplemental Purchase Agreement (together with the Master Purchase Agreement, the **Purchase Agreement**) between the Purchaser and the Seller (which may be any of the Restricted Subsidiaries of Dar Al-Arkan) on the Issue Date of each Series and will also be governed by the laws and regulations of the Kingdom.

Pursuant to each Purchase Agreement, the Seller will sell, transfer and convey to the Purchaser and the Purchaser will purchase from the Seller, and accept the transfer and conveyance of the Assets on the Issue Date in consideration for the purchase price, which shall be payable on the Issue Date, free and clear from all encumbrances.

Lease Agreement

The Master Lease Agreement was entered into on 7 June 2022 between the Trustee (in its capacity as Lessor), Dar Al-Arkan (in its capacity as Lessee) and the Delegate and is governed by the laws and regulations of the Kingdom and a Supplemental Lease Agreement (together with the Master Lease Agreement, the **Lease Agreement**) between the same parties will be entered into on the Issue Date of each Series and will also be governed by the laws and regulations of the Kingdom.

Pursuant to the Lease Agreement, the Lessor may lease to the Lessee, and the Lessee may lease from the Lessor, the Lease Assets during renewable rental periods (which shall coincide with Return Accumulation Periods) commencing on the lease commencement date (which shall be the date of the Lease Agreement) and extending to the Scheduled Dissolution Date (unless: (a) the lease is terminated earlier in accordance with its terms; or (b) the lease is extended in accordance with the terms of the Purchase Undertaking) in consideration for periodic payments of Rental.

Pursuant to the Lease Agreement, no later than the first day of each rental period (other than the first rental period) the Lessor (or its agent) shall send a renewal notice to the Lessee. Each such notice shall be irrevocable and the Lessee will agree that, unless it rejects such notice on such day when such notice is given (in which case it acknowledges that it will be in breach of its undertaking to irrevocably and unconditionally lease from the Lessor for the lease term and that such breach will constitute a Dar Al-Arkan Event) it will be deemed to have accepted each such notice as and when delivered. Where there is any delay or failure by the Lessor in delivering a renewal notice, the Rental for the relevant rental period shall accrue at the same rate as the Rental for the immediately preceding rental period.

On each date on which the Service Agent submits to the Lessor or its agent a notice in writing requesting the Lessor's approval of the Service Agent incurring or paying any proposed liability comprising an additional servicing agency expense (the date of such notice, being an **Additional Service Agency Expense Request Date**), the Lessor (or its agent) shall submit to the Lessee a notice in writing requesting payment by the Lessee to the Lessor on the first business day of the rental period commencing immediately after such Additional Service Agency Expense Request Date an amount of additional supplementary rental in respect of that rental period (as shall also be specified in the relevant renewal notice) equal to the relevant additional servicing agency expenses. Such notice shall be irrevocable and the Lessee will agree that, unless it rejects such notice on such Additional Service Agency Expense Request Date (in which case it acknowledges that such rejection will constitute a Dar Al-Arkan Event), it will be deemed to have approved such notice as and when submitted and agreed to pay the requested amount of additional supplementary rental in accordance with such notice and the relevant renewal notice.

The Lessee will agree in the Lease Agreement to use the Lease Assets at its own risk. Accordingly, the Lessee shall, from the date of the Lease Agreement, bear the entire risk of loss of or damage to the Lease Assets or any part thereof arising from the usage or operation thereof by the Lessee to the extent that such loss or damage has resulted from the Lessee's gross negligence, wilful default, actual fraud or breach of its obligations under the Lease

Agreement. In addition, the Lessor shall not be liable (and the Lessee will waive any claim or right, howsoever arising, to the contrary) for any indirect, consequential or other losses, howsoever arising, in connection with the Lessee's use or operation of the Lease Assets, save to the extent that such loss or damage has resulted from the Lessor's gross negligence, wilful default, actual fraud or breach of its obligations under the Lease Agreement.

Pursuant to the Lease Agreement, following the occurrence of a Partial Loss Event, the Lessee will promptly give notice thereof (such notice, being a **Partial Loss Event Notice**) to the Lessor and the Delegate providing:

(a) the date of the occurrence of the Partial Loss Event (the **Partial Loss Event Date**); and

(b) details together with proper evidence of the occurrence of the Partial Loss Event and the deprivation of benefit from the Lease Assets as a result thereof, including, without limitation, the certificate obtained from a recognised industry expert certifying the occurrence of such Partial Loss Event.

By no later than the 30th day after the Partial Loss Event Date, the Lessee may request a proportionate reduction in Rental by way of reimbursement of the Rental applicable to the period from and including the Partial Loss Event Date to but excluding the earlier of: (a) the relevant Replacement Date; and (b) the 61st day after the Partial Loss Event Date, to take into account the loss and/or impairment suffered by the Lessee in relation to the impaired Lease Assets (the **Rental Reimbursement Amount**), provided that the Partial Loss Event relating to such impaired Lease Assets has not arisen as a result of the Lessee's negligence or misconduct (such request, being a **Rental Reimbursement Request**). If a Rental Reimbursement Request is made in accordance with this paragraph, the Lessor shall procure the payment of the Rental Reimbursement Amount by the Service Agent (on its behalf) to the Lessee from only:

(a) the proceeds of any insurances paid in accordance with the terms of the Service Agency Agreement and standing to the credit of the Collection Account; and/or

(b) (to the extent the proceeds of such insurances (if any) are insufficient) any Loss Shortfall Amount paid in accordance with the terms of the Service Agency Agreement and as described below,

on the 61st day after the Partial Loss Event Date. For the avoidance of doubt, if the Lessee does not make a Rental Reimbursement Request on or prior to the 30th day after the Partial Loss Event Date, or it expressly waives such right, it shall be not be entitled to exercise such right thereafter. Furthermore, for the avoidance of doubt if, following the occurrence of a Partial Loss Event, the Lease is not terminated in accordance with the Lease Agreement, and whether or not a Rental Reimbursement Request is made, the terms of the Supplemental Lease Agreement and the Lease, including the amount of Rental payable by the Lessee, shall continue on the same terms which applied prior to the occurrence of the Partial Loss Event.

The Lessee will undertake in the Lease Agreement, in relation to each Series, that it shall maintain actual or constructive possession, custody or control of all of the Lease Assets from the date of the Lease Agreement until the satisfaction in full of all of its obligations (acting in any capacity) under the Transaction Documents to which it is a party.

The Lessee will agree in the Lease Agreement to be responsible, at its own cost and expense, for the performance of all ordinary maintenance and repair required for any Lease Asset. The Lessor shall, at its own cost and expense, be responsible for the performance of all major maintenance and structural repair and insuring the Lease Assets in accordance with, and subject to, the terms of the Service Agency Agreement. The Lessee will acknowledge in the Lease Agreement that the Lessor may procure that the Service Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, the major maintenance and structural repair and the insurance of the Lease Assets, on behalf of the Lessor.

The Lease Agreement will provide that the Lessee shall pay:

(a) each Rental (less any initial supplementary rental, supplementary rental and/or additional supplementary rental) by no later than the Payment Business Day immediately preceding the relevant rental payment date (corresponding to the relevant Periodic Distribution Date);

(b) the initial supplementary rental (corresponding to the relevant All Expenses Reserve Amount payable by the Lessor to the Service Agent pursuant to the Service Agency Agreement) on the Issue Date;

(c) any supplementary rental (corresponding to the relevant service charge amount in replenishment of the All Expenses Reserve Amount payable by the Lessor to the Service Agent pursuant to the Service

Agency Agreement) on the first business day of the rental period commencing immediately after the services invoice date; and

(d) any additional supplementary rental (corresponding to the relevant additional service agency expenses payable by the Lessor to the Service Agent pursuant to the Service Agency Agreement) on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date,

in each case, by crediting such amounts to the Collection Account relating to the relevant Series and without any prior notice or demand.

The Lessee will agree in the Lease Agreement that all payments by it under the Lease Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law. In the event there is any such withholding or deduction required by law in the Kingdom, the Lease Agreement provides for the payment by the Lessee of all additional amounts as will result in the receipt by the Lessor of the net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Lessee will undertake to pay to the Lessor or such other persons as the Lessor may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Lease Agreement.

The Lessee will covenant and undertake in the Lease Agreement that its payment obligations under the Lease Agreement are direct, unconditional, unsubordinated and (subject to Condition 6.7) unsecured obligations of the Lessee and shall at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Lessee, save for such obligations mandatorily preferred by law.

For these purposes, **Rental** means:

(a) for the first rental period, an amount equal to the aggregate of:

  (i) the product of:

    (A) the rental rate (corresponding to the relevant Profit Rate) for such rental period;

    (B) the aggregate face amount of the Certificates then outstanding; and

    (C) the Day Count Fraction; plus

  (ii) (in the case of the Issue Date only) the initial supplementary rental; less

  (iii) if applicable, the Murabaha Instalment Profit Amount payable in respect of such Rental Period; and

(b) for each rental period (other than the first rental period), an amount equal to the aggregate of:

  (i) the product of:

    (A) the rental rate (corresponding to the relevant Profit Rate) for such rental period;

    (B) the aggregate face amount of the Certificates then outstanding; and

    (C) the Day Count Fraction; plus

  (ii) the supplementary rental (if any); plus

  (iii) the additional supplementary rental (if any); less

  (iv) if applicable, the Murabaha Instalment Profit Amount payable in respect of such Rental Period.

Service Agency Agreement

The Service Agency Agreement was entered into on 7 June 2022 between the Trustee (in its capacity as Lessor) and Dar Al-Arkan (in its capacity as Service Agent) and is governed by English law.

Pursuant to the Service Agency Agreement, the Service Agent has agreed to undertake on behalf of the Lessor the services relating to the Lease Assets in respect of major maintenance and structural repair, effecting all appropriate insurances in respect of such Lease Assets, appointment of the *Shari'a* Adviser and and maintenance of the Tangible Asset Ratio.

Pursuant to the Service Agency Agreement, the Service Agent has undertaken to the Lessor that the Service Agent shall, wherever applicable, carry out all major maintenance and structural repair in respect of the Lease Assets on behalf of the Lessor and in so doing the Service Agent shall:

(a) ensure that accurate and current records are kept of all major maintenance and structural repair activities;

(b) conduct regular and proper inspection of the Lease Assets and ensure that major maintenance and structural repair is carried out with the proper quality of materials and workmanship; and

(c) ensure that major maintenance and structural repair is carried out by qualified persons and in accordance with all applicable regulations and law,

in each case, in accordance with good maintenance practice expected from a prudent person carrying on business and operations similar to that of the Service Agent on an arm's length basis and in order to fully maintain the Value of the Lease Assets.

The Service Agent has undertaken to the Lessor that in relation to the Lease Assets applicable to each Series:

(a) subject always to paragraph (d) below, the Service Agent will (on behalf of the Lessor):

(i) ensure that such Lease Assets, so long as any Certificates of the relevant Series are outstanding, are at all times properly insured to the extent consistent with general industry practice by prudent owners of similar assets, and accordingly, shall effect such insurances in respect of such Lease Assets through brokers and with such reputable insurance companies in good financial standing, and in addition against a Loss Event. The Service Agent undertakes to ensure that the insured amount relating to a Loss Event will, at all times, be at least equal to the Full Reinstatement Value;

(ii) promptly make a claim in respect of each loss relating to such Lease Assets in accordance with the terms of the insurances; and

(iii) ensure that in the event of a Loss Event occurring, all the insurance proceeds against a Loss Event are in an amount equal to the Full Reinstatement Value and are credited in the Specified Currency to the Collection Account by no later than the 60th day after the occurrence of the Loss Event and that the relevant insurer(s) will be directed accordingly;

(b) if, by no later than the 59th day after the occurrence of a Loss Event and provided that, in the case of a Partial Loss Event, a Partial Loss Termination Notice has not been delivered by the Lessee or the Lessee has expressly waived the right to deliver such Partial Loss Termination Notice, in each case pursuant to the Lease Agreement, the Service Agent receives notice from Dar Al-Arkan of the availability of replacement Eligible Assets (i) that are free and clear from all encumbrances, (ii) that are capable of being leased by the Lessee pursuant to the terms of the Lease Agreement, and (iii) the aggregate Value as at the date of replacement (the **Replacement Date**) of which is not less than the aggregate Value of the replaced Lease Assets, the Service Agent shall notify the Trustee of the same. Immediately following such notice, the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement, purchase from Dar Al-Arkan (or any of its Restricted Subsidiaries) all of its rights, title, interest, benefits and entitlements in to and under the replacement Lease Assets at a purchase price to be paid using the insurance proceeds (or the assignment of the rights to such proceeds) to or to the order of Dar Al-Arkan (or the relevant Restricted Subsidiary);

(c) ensure that at all times the Tangible Asset Ratio is at least 51 per cent., and, if, at any time, the Tangible Asset Ratio, other than as a result of the occurrence of a Loss Event, falls below:

(i) 51 per cent. (but is at least 33 per cent.), the Service Agent shall take any and all steps as may be required by the Shari'a Adviser to ensure such Tangible Asset Ratio is restored to at least 51 per cent. within the time period determined by the Shari'a Adviser; and

(ii) 33 per cent. (such event being a **Tangibility Event**), the Service Agent shall, within 10 Business Days of the Service Agent becoming aware of the occurrence of the Tangibility Event, deliver a Tangibility Event Trustee Notice to the Trustee and the Delegate in accordance with the terms

of the Service Agency Agreement and request the Trustee to promptly deliver a Tangibility Event Notice to the relevant Certificateholders in accordance with Condition 11.6;

(d) wherever the Service Agent procures insurances in accordance with the terms of the Service Agency Agreement (including the renewal of any insurances in existence on the lease commencement date corresponding to the Issue Date), it shall (i) use its reasonable endeavours to obtain such insurances on a *takaful* basis if such *takaful* insurance is available on commercially viable terms; or (ii) if no such *takaful* insurance is available on commercially viable terms, procure conventional insurance; and

(e) if at any time and for any reason, the Service Agent is not in compliance with its insurance obligations set out it in paragraph (a)(i) above, it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof.

The delivery of the notice referred to in paragraph (e) above to the Trustee and/or the Delegate in relation to non-compliance with its insurance obligations set out it in paragraph (a)(i) above shall constitute a Dar Al-Arkan Event.

If, following the occurrence of a Loss Event;

(a) the notice referred to in paragraph (e) above has not been delivered by the Service Agent to the Trustee and the Delegate prior to the occurrence of such Loss Event;

(b) the Lease Assets have not been replaced in accordance with paragraph (b) above; and

(c) the amount (if any) credited to the Collection Account pursuant to paragraph (a)(iii) above is less than the Full Reinstatement Value (the difference between the Full Reinstatement Value and the amount credited to the Collection Account being the **Loss Shortfall Amount**),

the Service Agent undertakes to (i) transfer the amounts (if any) credited to the Collection Account in accordance with paragraph (a)(iii) above; and (ii) pay directly (in same day, freely transferable, cleared funds) the Loss Shortfall Amount, in each case to the Transaction Account by no later than close of business in London on the 61st day following the occurrence of a Loss Event. Subject to transferring such amounts (if any) credited to the Collection Account in accordance with paragraph (a)(iii) and/or paying such Loss Shortfall Amount in accordance with this paragraph, there will be no further claim against the Service Agent for failing to comply with its insurance obligations pursuant to the terms of the Service Agency Agreement.

In relation to each Series, the Service Agent shall also ensure at all times from the Issue Date of such Series the appointment of a *Shari'a* Adviser to monitor the compliance by Dar Al-Arkan (acting in any capacity) with the terms of the Transaction Documents to which it is a party.

In addition, the Service Agent will also be responsible for maintaining a Collection Account in relation to each Series. The Service Agency Agreement will provide that, on the Payment Business Day immediately preceding each Periodic Distribution Date, amounts standing to the credit of the Collection Account relating to each Series (other than any amounts of initial supplementary rental and/or supplementary rental) will be applied by the Service Agent on behalf of the Trustee, by paying an amount equal to the Required Amount directly into the Transaction Account. The Service Agent shall be entitled pursuant to the Service Agency Agreement to deduct amounts standing to the credit of the Collection Account (other than initial supplementary rental, supplemental rental and/or any insurance proceeds referred to above) relating to each Series at any time during the lease term and use such amounts for its own account, provided that it shall immediately re-credit all such amounts to the Collection Account:

(a) on the Payment Business Day immediately preceding a Periodic Distribution Date, if so required to fund a shortfall between the (i) the amount standing to the credit of the Transaction Account (after the application of amounts standing to the credit of the Collection Account pursuant to the Service Agency Agreement); and (ii) the Required Amount payable on such Periodic Distribution Date; or

(b) upon the occurrence of a Dissolution Event, a Potential Dissolution Event, a Change of Control, a Tangibility Event or a Loss Event.

In consideration of the Service Agent acting as agent of the Lessor in relation to each lease, the Service Agent shall receive a fee of U.S.$100, payable on the date of the Service Agency Agreement (the receipt and adequacy of which the Service Agent will acknowledge in the Service Agency Agreement). In relation to each Series, as an advance payment to the Service Agent for service charge amounts to be paid or incurred by it in respect of the services to be performed in relation to the Lease Assets, the Lessor shall procure that an amount equal to a pre-agreed reserve amount (the **All Expenses Reserve Amount**) is credited to the Collection Account on the Issue Date of such Series and is replenished in accordance with the Service Agency Agreement and as described below.

Notwithstanding any other provision in the Service Agency Agreement, the Service Agent shall not incur or pay any liability in any rental period in respect of the services to be performed in relation to the Lease Assets which, individually or in the aggregate, would exceed the All Expenses Reserve Amount (the amount by which such liability exceeds the All Expenses Reserve Amount, being the **additional service agency expenses**) unless:

(a) a notice requesting such incurrence or payment of additional service agency expenses has been submitted by the Service Agent to the Lessor in accordance with the paragraph below; and

(b) following such request, the Lessee has agreed to pay to the Lessor an amount of additional supplementary rental equal to such additional service agency expenses on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date in accordance with the relevant Lease Agreement.

If, during any rental period, the Service Agent incurs or pays such liability without first satisfying the conditions in (a) and (b) above, then it shall be deemed to have unconditionally agreed to satisfy, donate and pay all such liabilities from its own account and the Lessor shall have no responsibility whatsoever in connection with such liability.

Pursuant to the Service Agency Agreement, the Service Agent will submit to the Lessor or its agent the invoice or receipt for (or other evidence of payment or incurrence of) each liability comprising the service charge amount, as soon as practicable after the payment or incurrence thereof and, in any case, an invoice or receipt consolidating (or other evidence of payment or incurrence of) all liabilities comprising the service charge amount paid or incurred during a rental period on the fifth business day preceding the immediately following rental payment date (the **services invoice date**). In addition, the Service Agent will submit to the Lessor or its agent a notice in writing requesting the Lessor's approval of the Service Agent incurring or paying any proposed liability comprising an additional service agency expense prior to incurring or paying such proposed liability. Subject to the terms of the relevant Lease Agreement and the paragraph above:

(a) the Lessor will procure that an amount equal to the service charge amount notified to it in accordance with the above paragraph is credited to the Collection Account on the first business day of the rental period commencing immediately after the services invoice date; and

(b) the Lessor will procure the reimbursement of the Service Agent for each additional service agency expense approved in accordance with the paragraph above by crediting such amount to the Collection Account on the first business day of the rental period commencing immediately after the Additional Service Agency Expense Request Date or, if the relevant lease is terminated prior to such date, on the date of termination of such lease.

For the avoidance of doubt, no replenishment of the Collection Amount in an amount equal to the relevant service charge amount shall be made unless the Service Agent evidences the payment or incurrence of each liability comprising such service charge amount in accordance with the Service Agency Agreement.

The Service Agent has agreed in the Service Agency Agreement that all payments by it under the Service Agency Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law. In the event there is any such withholding or deduction required by law in the Kingdom, the Service Agency Agreement provides for the payment by the Service Agent of all additional amounts as will result in the receipt by the Lessor of the net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Service Agent will undertake to pay to the Lessor or such other persons as the Lessor may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Service Agency Agreement.

The Service Agent has covenanted and undertaken in the Service Agency Agreement that its payment obligations under the Service Agency Agreement are direct, unconditional, unsubordinated and (subject to Condition 6.7) unsecured obligations of the Service Agent and shall at all times rank *pari passu* with all other present and future unsecured obligations of the Service Agent, save for such obligations mandatorily preferred by law.

For these purposes:

Full Reinstatement Value means, in relation to each Series, an amount in the Specified Currency equal to the aggregate of:

(a) in the case of a Total Loss Event:

(i) the aggregate face amount of the Certificates then outstanding; plus

(ii) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(iii) an amount equal to the Periodic Distribution Amounts relating to such Certificates, which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurred and ending on, but excluding, the 61st day after the occurrence of the Total Loss Event; plus

(iv) to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to any outstanding additional service agency expenses in respect of which the Lessee has agreed to make an appropriate corresponding additional supplementary rental payment but such additional supplementary rental payment has not been made in accordance with the Lease Agreement; plus

(v) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party (including but not limited to amounts due but unpaid to the Delegate pursuant to Condition 4.2(a)); plus

(vi) without double counting, any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms; and

(b) in the case of a Partial Loss Event:

(i) the aggregate Value of the impaired Lease Assets; plus

(ii) an amount equal to any Rental Reimbursement Amount payable to the Lessee in accordance with the Lease Agreement; and

Value means, in relation to each Eligible Asset applicable to a Series, on any date, the amount in the Specified Currency determined by Dar Al-Arkan as being equal to the value of that Eligible Asset by reference to the valuation by Dar Al-Arkan on the basis of the market value or book value of such Eligible Asset on the date it was purchased or otherwise acquired by or on behalf of the Trustee as set out in the relevant Supplemental Purchase Agreement and/or Sale Agreement, as the case may be.

Purchase Undertaking

The Purchase Undertaking was executed as a deed on 7 June 2022 by Dar Al-Arkan (in its capacity as Obligor) in favour of the Trustee and the Delegate and is governed by English law.

Pursuant to the Purchase Undertaking, in relation to each Series, provided that no Total Loss Event has occurred and is continuing (or, if a Total Loss Event has occurred, the Lease Assets have been replaced in accordance with the Service Agency Agreement), the Obligor will irrevocably grant to the Trustee and the Delegate (for and on behalf of the Certificateholders) the following rights:

(a) provided that a Dissolution Event has occurred and is continuing and the Delegate has received a Dissolution Notice in accordance with the Conditions, to require the Obligor to purchase on the

Dissolution Event Redemption Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price specified in the relevant exercise notice;

(b) to require the Obligor on the Scheduled Dissolution Date to purchase all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price specified in the relevant exercise notice;

(c) provided that (i) Certificateholder Put Right is specified as applicable in the applicable Final Terms (and Early Dissolution (Trustee Call) is specified as not applicable in the applicable Final Terms) and (ii) one or more Certificateholders have exercised the Certificateholder Put Right in accordance with the Conditions, to require the Obligor to purchase on the Certificateholder Put Right Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Certificateholder Put Right Lease Assets at the Certificateholder Put Right Exercise Price specified in the relevant exercise notice;

(d) provided that (i) a Change of Control has occurred; and (ii) one or more Certificateholders have exercised the Change of Control Put Right in accordance with the Conditions, to require the Obligor to purchase on the Change of Control Put Right Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Change of Control Put Right Lease Assets at the Change of Control Put Right Exercise Price specified in the relevant exercise notice; and

(e) provided that (i) a Tangibility Event has occurred; and (ii) one or more Certificateholders have exercised the Tangibility Event Put Right in accordance with the Conditions, to require the Obligor to purchase on the Tangibility Event Put Right Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Tangibility Event Put Right Lease Assets at the Tangibility Event Put Right Exercise Price specified in the relevant exercise notice,

in each case, on an "as is" basis but free and clear from all encumbrances (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

The Purchase Undertaking provides that, pursuant to the exercise of any such rights, the Obligor will undertake to immediately purchase all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price which shall be paid into the Transaction Account (in the Specified Currency by wire transfer for same day value):

(a) (in the case of paragraph (a) above) on the Dissolution Event Redemption Date;

(b) (in the case of paragraph (b) above) on the Payment Business Day immediately preceding the Scheduled Dissolution Date;

(c) (in the case of paragraph (c) above) on the Payment Business Day immediately preceding the Certificateholder Put Right Date;

(d) (in the case of paragraph (d) above) on the Payment Business Day immediately preceding the Change of Control Put Right Date; and

(e) (in the case of paragraph (e) above) on the Payment Business Day immediately preceding the Tangibility Event Put Right Date.

The Obligor has covenanted and undertaken in the Purchase Undertaking that:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, Dar Al-Arkan Real Estate Development Company remains in actual or constructive possession, custody or control of all or any part of the Lease Assets, the Certificateholder Put Right Lease Assets, the Change of Control Put Right Lease Assets or the Tangibility Event Put Right Lease Assets, as the case may be; and

(b) if, following delivery of the exercise notice in accordance with the provision of the Purchase Undertaking, the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control

Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificateholder Put Right Certificates, the Change of Control Put Right Certificates or the Tangibility Event Put Right Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price, the Change of Control Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be. Payment of an amount equal to the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, into the Transaction Account in accordance with the Purchase Undertaking shall evidence the acceptance of the exercise notice by the Obligor delivered in accordance with the provisions of the Purchase Undertaking and the conclusion of the transfer of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets, the Certificateholder Put Right Lease Assets, the Change of Control Put Right Lease Assets or the Tangibility Event Put Right Lease Assets, as the case may be, to the Obligor.

The Obligor has agreed in the Purchase Undertaking that all payments by it under the Purchase Undertaking must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, unless such withholding or deduction is required by law. In the event there is any such withholding or deduction required by law in the Kingdom, the Purchase Undertaking provides for the payment by the Obligor of all additional amounts as will result in the receipt by the Trustee of the net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Obligor will undertake to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Purchase Undertaking.

The Obligor has covenanted and undertaken in the Purchase Undertaking that its payment obligations under the Purchase Undertaking are direct, unconditional, unsubordinated and (subject to the provisions of Condition 6.7) unsecured obligations of the Obligor and shall at all times rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Obligor, save for such obligations mandatorily preferred by law.

For these purposes, **Exercise Price** means, in relation to each Series, an amount in the Specified Currency equal to the aggregate of:

(a) the aggregate face amount of the Certificates then outstanding on the relevant Dissolution Date; plus

(b) an amount equal to all accrued and unpaid Periodic Distribution Amounts (if any) relating to the Certificates; plus

(c) to the extent not previously satisfied in accordance with the Service Agency Agreement, an amount equal to any outstanding additional service agency expenses in respect of which the Lessee has agreed to make an appropriate corresponding additional supplementary rental payment but such additional supplementary rental payment has not been made in accordance with the Lease Agreement; plus

(d) without double counting, an amount representing any amounts payable by the Trustee (in any capacity) under the Transaction Documents to which it is a party (including but not limited to amounts due but unpaid to the Delegate pursuant to Condition 4.2(a)); plus

(e) without double counting, any other amounts payable on redemption of the Certificates as specified in the applicable Final Terms; less

(f) in the case of a Dissolution Event arising as a result of a Partial Loss Dissolution Event only, any insurance proceeds and/or any Loss Shortfall Amount paid in respect of a Partial Loss Event in accordance with the terms of the Service Agency Agreement and standing to the credit of the Transaction Account less any (i) Rental Reimbursement Amount; or (ii) other reimbursement or refund of Rental, in each case paid or payable in accordance with the terms of the Lease Agreement; less

(g) the aggregate amounts of Deferred Sale Price then outstanding (if any) on the relevant Dissolution Date.

Sale and Substitution Undertaking

The Sale and Substitution Undertaking was executed as a deed on 7 June 2022 by the Trustee in favour of Dar Al-Arkan and is governed by English law.

In relation to each Series, provided that no Total Loss Event has occurred and is continuing (or, if a Total Loss Event has occurred, the Assets have been replaced in accordance with the Service Agency Agreement), the Trustee will irrevocably grant to the Obligor the following rights:

(a) provided that a Tax Event has occurred, to require the Trustee to sell, transfer and convey to Dar Al-Arkan (or any of its Restricted Subsidiaries) on the Early Tax Dissolution Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price specified in the relevant exercise notice;

(b) provided that Early Dissolution (Trustee Call) is specified as applicable in the applicable Final Terms (and Certificateholder Put Right is specified as not applicable in the applicable Final Terms), to require the Trustee to sell, transfer and convey to Dar Al-Arkan (or any of its Restricted Subsidiaries) on the Early Dissolution Date (Trustee Call) all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price specified in the relevant exercise notice, provided that certain conditions set out in the Sale and Substitution Undertaking are satisfied;

(c) if 75 per cent. or more of the aggregate face amount of Certificates then outstanding have been redeemed and/or purchased and cancelled pursuant to Condition 11 and/or Condition 14, as the case may be, to require the Trustee to sell, transfer and convey to Dar Al-Arkan (or any of its Restricted Subsidiaries) on the Clean Up Dissolution Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under the Lease Assets at the Exercise Price specified in the relevant exercise notice;

(d) to require the Trustee to transfer, assign and convey to Dar Al-Arkan (or any of its Restricted Subsidiaries) on the Substitution Date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under, the Substituted Lease Assets against the sale, transfer and conveyance to the Trustee of all of Dar Arkan's (or such Restricted Subsidiary's) rights, title, interest, benefits and entitlements in, to and under, the New Lease Assets, provided that certain conditions set out in the Sale and Substitution Undertaking are satisfied;

(e) following delivery of the relevant Certificates to the Principal Paying Agent for cancellation pursuant to Condition 14.2, to require the Trustee to sell, transfer and convey to Dar Al-Arkan (or any of its Restricted Subsidiaries) on the cancellation date all of the Trustee's rights, title, interest, benefits and entitlements in, to and under, the cancellation Lease Assets, provided that certain conditions set out in the Sale and Substitution Undertaking are satisfied,

in each case, on an "as is" basis but free and clear from all encumbrances (without any warranty express or implied as to condition, fitness for purpose, suitability for use or otherwise and if any warranty is implied by law, it shall be excluded to the fullest extent permitted by law) and otherwise on the terms and subject to the conditions of the Sale and Substitution Undertaking.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 5 July 2023 between the Trustee (in its capacity as seller, the **Seller**), Dar Al-Arkan (in its capacity as buyer, the **Buyer**) and the Delegate and will be governed by English law.

Pursuant to the Master Murabaha Agreement, and in connection with each relevant Series of Certificates, the Seller may enter into a Commodity Murabaha Investment with the Buyer using a portion of the issue proceeds of the relevant Series as specified in the applicable Final Terms (being no more than 45 per cent. of the aggregate face amount of the Certificates of that Series). In accordance with the Master Murabaha Agreement, on receipt of a duly completed Notice of Request to Purchase from the Buyer, the Seller (acting through the commodity agent) may purchase the relevant Commodities on the relevant Issue Date from a commodity supplier on a spot basis at the relevant Commodity Purchase Price.

Upon completion of the purchase of the Commodities by the Seller and the Seller gaining title thereto and (actual or constructive) possession thereof, the Seller may deliver to the Buyer a duly completed Offer Notice by no later

than 1.00 p.m. (London time) (or such other time as may be agreed in writing by the Buyer and the Seller) on the relevant Issue Date.

Provided that the Buyer has delivered a duly completed Notice of Request to Purchase in accordance with the terms of the Master Murabaha Agreement and it wishes to enter into a Murabaha Contract, the Buyer will accept the terms of, countersign and deliver to the Seller any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and purchase from the Seller the relevant Commodities acquired by the Seller for the relevant Deferred Sale Price (to be paid in the Specified Currency and on the dates and in the amounts as specified in the Offer Notice), in each case by no later than 2.00 p.m. (London time) (or such other time as may be agreed between the Buyer and the Seller) on the relevant Issue Date.

As soon as the Buyer has accepted the Seller's offer by countersigning the relevant Offer Notice, a Murabaha Contract shall be created between the Seller and the Buyer upon the terms of the Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement and ownership (including, without limitation, the right of ownership from a *Shari'a* perspective) of and, upon the Buyer obtaining actual or constructive possession of the relevant Commodities, all risks in and to the relevant Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto.

The Buyer will agree in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement must be made in full in the Specified Currency and without set-off or counterclaim of any kind and without any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless such withholding or deduction is required by law. In the event there is any such withholding or deduction required by law in the Kingdom, the Master Murabaha Agreement provides for the payment by the Buyer of all additional amounts as will result in the receipt by the Seller of such net amounts as would have been receivable by it if no such withholding or deduction had been made and, accordingly, the Buyer will undertake to pay to the Seller or such other persons as the Seller may direct such additional amounts forthwith upon demand and in the manner and the Specified Currency prescribed under the Master Murabaha Agreement.

The Buyer will covenant and undertake in the Master Murabaha Agreement that its payment obligations under the Master Murabaha Agreement are direct, unconditional, unsubordinated and (subject to the provisions of Condition 6.7) unsecured obligations of the Obligor and shall at all times rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Obligor, save for such obligations mandatorily preferred by law.

Trust Deed

The Master Trust Deed will be entered into on 5 July 2023 between the Trustee, Dar Al-Arkan and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Series and will also be governed by English law.

Upon issue of the Global Certificate initially representing any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the Trust declared by the Trustee in relation to such Series.

Each Trust Deed will specify that, on or after the relevant Scheduled Dissolution Date or, as the case may be, Dissolution Date of a Series, the rights of recourse in respect of the relevant Certificates shall be limited to the amounts from time to time available and comprising the Trust Assets of that Series, subject to the priority of payments set out in the Trust Deed, the relevant Certificates and the Conditions. The Certificateholders have no claim or recourse against Dar Al-Arkan Sukuk Company Ltd. in respect of any amount which is or remains unsatisfied and any unsatisfied amounts will be extinguished.

Pursuant to each Trust Deed, the Trustee will, in relation to each Series, *inter alia*:

(a) hold the relevant Trust Assets on trust absolutely for the relevant Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder; and

(b) act as trustee in respect of the relevant Trust Assets, distribute the income from the relevant Trust Assets and perform its duties in accordance with the provisions of the relevant Trust Deed.

In the Master Trust Deed, the Trustee by way of security for the performance of all covenants, obligations and duties of the Trustee to the Certificateholders will irrevocably and unconditionally appoint the Delegate to be its

attorney and in its name and on its behalf to execute, deliver and perfect all documents and to exercise all the present and future powers, authorities and discretions (including but not limited to the authority to request instructions from any Certificateholders and the power to sub-delegate and the power to make any determinations to be made under each Trust Deed) vested in the Trustee by each Trust Deed or any other Transaction Document that the Delegate may consider to be necessary or desirable in order upon the occurrence of a Dissolution Event or a Potential Dissolution Event, and subject to its being indemnified and/or secured and/or prefunded to its satisfaction to perform the present and future powers, authorities and discretions vested in the Trustee by the relevant provisions of each Trust Deed and any of the other Transaction Documents (provided that no obligations, duties, liabilities or covenants of the Trustee pursuant to the Master Trust Deed or any other Transaction Document will be imposed on the Delegate by virtue of such delegation). The appointment of such delegate by the Trustee is intended to be in the interests of the Certificateholders and will not affect the Trustee's continuing role and obligations as trustee.

The Master Trust Deed specifies, *inter alia*, that in relation to each Series:

(a) following the distribution of the proceeds of the relevant Trust Assets to the relevant Certificateholders such that those Trust Assets have been exhausted in accordance with the Conditions and the Agency Agreement, no Certificateholder shall be entitled to proceed directly against the Trustee, the Delegate and/or Dar Al-Arkan in respect of such Trust Assets to enforce the performance of any of the provisions of the relevant Trust Deed or any other Transaction Document. In particular, no Certificateholder shall be entitled to take any action which could result in the winding-up of the Trustee;

(b) no Certificateholder shall be entitled to proceed directly against, or to provide instructions to the Trustee to pursue any claim against, the Trustee and/or Dar Al-Arkan arising under the relevant Trust Assets or the relevant 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 relevant Trust Assets, except pursuant to the terms of the Transaction Documents or under the Conditions and the sole right of the Trustee, the Delegate and the Certificateholders against Dar Al-Arkan shall be to enforce their respective obligations under the Transaction Documents to which they are party; and

(c) neither the Delegate nor the Trustee shall be bound in any circumstances to take any action in relation to any Trust Assets or any Dissolution Event or take any action or other steps under the Conditions or any Transaction Document unless:

    (i) the Delegate and/or the Trustee, as the case may be, is satisfied that it will be indemnified and/or secured and/or prefunded to its satisfaction 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

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

Pursuant to the Master Trust Deed, Dar Al-Arkan will unconditionally and irrevocably undertake to (irrespective of the payment of any fee), as a continuing obligation, in the event that the Trustee fails to comply with any obligation to pay additional amounts pursuant to Condition 12, pay to or to the order of the Delegate (for the benefit of the Certificateholders) such net amounts as are necessary so that the amount receivable by the Delegate (after any withholding or deduction) equals any and all additional amounts, required to be paid by it in respect of the Certificates pursuant to Condition 12.

Pursuant to the Master Trust Deed, Dar Al-Arkan will covenant and undertake to the Trustee that, in relation to any Series:

(a) if, at the time of delivery of the exercise notice in accordance with the provisions of the Purchase Undertaking, Dar Al-Arkan Real Estate Development Company remains in actual or constructive possession, custody or control of all or any part of the Lease Assets, the Certificateholder Put Right Lease Assets, the Change of Control Put Right Lease Assets or the Tangibility Event Put Right Lease Assets, as the case may be; and

(b) if, following delivery of the Exercise Notice in accordance with the provisions of the Purchase Undertaking, the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may be, is not paid in accordance with the provisions of the Purchase Undertaking for any reason whatsoever,

Dar Al-Arkan shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the Certificateholder Put Right Certificates, the Change of Control Put Right Certificates or the Tangibility Event Put Right Certificates, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, the Certificateholder Put Right Exercise Price, the Change of Control Put Right Exercise Price or the Tangibility Event Put Right Exercise Price, as the case may be.

Dar Al-Arkan will further covenant and undertake to the Trustee that, in relation to any Series, if the outstanding Deferred Sale Price is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, Dar Al-Arkan shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption of the outstanding Certificates of such Series and, accordingly, the amount payable under any such indemnity claim will equal the outstanding Deferred Sale Price.

Agency Agreement

The Agency Agreement will be entered into on 5 July 2023 between the Trustee, Dar Al-Arkan, the Delegate and the agents named therein and will be governed by English law. The Agency Agreement will govern the arrangements between the Trustee and the agents named therein for the issuance of Certificates and the making of payments in respect thereof.

***Shari'a* Compliance**

Each Transaction Document provides that each of Dar Al-Arkan Sukuk Company Ltd. and Dar Al-Arkan Real Estate Development Company agrees that it has accepted the *Shari'a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

(a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Shari'a*;

(b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari'a* compliance of the Transaction Documents to which it is a party; and

(c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which is a party are not compliant with the principles of *Shari'a*.

TAXATION

The following is a general description of certain tax and zakat considerations relating to Certificates issued under the Programme. It does not purport to be a complete analysis of all tax and zakat considerations relating to the Certificates. Prospective purchasers of any Certificates should consult their tax and zakat advisers as to the consequences under the tax and zakat laws of the country of which they are resident for tax and zakat purposes of acquiring, holding and disposing of the relevant Certificates and receiving payments under those Certificates. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Cayman Islands

The following is a discussion on certain Cayman Islands income tax consequences of an investment in Certificates to be issued under the Programme. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws payments on Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding will be required on the payments to any holder of Certificates nor will gains derived from the disposal of Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance or gift tax. On 23 April 2012, the Trustee received an undertaking from the Governor in Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised) of the Cayman Islands, that for a period of 20 years from the date of grant of that undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or part of any relevant payment as defined in the Tax Concessions Act (As Revised).

Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. An instrument transferring title to any Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of its authorised capital. At current rates, this annual registration fee is approximately U.S.$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Kingdom of Saudi Arabia

The statements herein regarding taxation/zakat are based on Saudi Arabia's laws in effect as of the date of this Base Prospectus and are subject to any changes occurring after such date, which changes could have retroactive effect. These laws include the Income Tax Law issued under Royal Decree No. M/1 dated 15/1/1425H (corresponding to 6 March 2004G) and its By-laws issued under Ministerial Resolution (MR) No. 1535 dated 11/6/1425H (corresponding to 29 July 2004G), as amended from time to time (collectively, the ***Income Tax Law****), and the Zakat Collection Regulations issued pursuant to Royal Decree No. 17/04/28/8634 dated 29/06/1370H (corresponding to 07 April 1951G) and Implementing Zakat Regulations issued under Ministerial Resolution No. 393 dated 06/08/1470 (corresponding to 13 May 1950G), as amended through Ministerial Resolution No. 2216 dated 07/07/1440H (corresponding to 13 March 2019G) (the* ***Zakat Regulations****), and* Unified Agreement for Value Added Tax of the States of GCC*, Value Added Tax Law issued under Royal Decree number M113 dated 2/11/1438H (corresponding to 25 July 2017G) and its implementing regulations issued by ZATCA Board of Directors Resolution No. 3839 dated 14/12/1438H (corresponding to 5 September 2017G), as amended from time to time (the* ***VAT Law****).*

The following is a general description of certain tax/zakat considerations relating to any Certificates issued under the Programme. It does not purport to be a complete analysis of all tax/zakat considerations relating to the Certificates. Prospective purchasers of any Certificates should consult their tax/zakat advisers as to the consequences under the tax laws of the country in which they are resident for tax/zakat purposes of acquiring, holding and disposing of the relevant Certificates and receiving payments under those Certificates. This summary is based upon the laws as in effect on the date of this Base Prospectus and is subject to any change in laws that may take effect after such date.

Unless otherwise stated, capitalised terms in this section shall have the meanings given to them in "Definitions" below.

Certain Relevant Applicable Provisions of Income Tax Law and Zakat Regulations

Corporate Income Tax

Persons Subject to Taxation include a Resident capital company owned by non-GCC persons and a non-Resident who carries out business in the Kingdom through a Permanent Establishment (other than a Permanent Establishment of GCC persons that meet the conditions set out under Article 2(4) of the Zakat Regulations) and are subject to 20 per cent. corporate income tax (other than legal entities Resident in the Kingdom that are engaged in oil and hydrocarbon production) in the Kingdom on their gross income, less deduction of allowable costs and certain other tax adjustments (i.e. taxable profit). However, legal entities Resident in Saudi Arabia (other than legal entities Resident in the Kingdom that are engaged in oil and hydrocarbon and natural gas production) that are owned jointly by GCC persons and non-GCC persons are subject to corporate income tax in respect of the share of taxable profit attributable to the ownership percentage held by non-GCC persons and zakat on the zakat base attributable to the ownership percentage held by GCC persons. Non-GCC natural persons Resident in the Kingdom who are not performing commercial activities in Saudi Arabia (as defined in Article 1 of the Income Tax Law and Article 2 of the By-laws to the Income Tax Law) are not currently subject to corporate income tax in the Kingdom.

In determining the tax or zakat profile of a legal entity Resident in the Kingdom, the ZATCA applies a "look-through" approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (in other words, at the ultimate shareholder level). However, the "look-through" approach only applies to shareholders that are GCC Resident persons. Therefore, the percentage of the share capital of a legal entity Resident in the Kingdom that is owned by a shareholder entity incorporated outside the GCC is subject to corporate income tax regardless of the nationalities of the ultimate investors in such non-GCC incorporated entity.

Finally, as per the Income Tax Law, legal entities Resident in the Kingdom that are engaged in oil and hydrocarbon and natural gas production are subject to corporate income tax in the Kingdom at levels either between 50 per cent. and 85 per cent. (in the case of oil and hydrocarbon production) depending on the level of total capital investment (as defined in the Income Tax Law) of such entity or 20 per cent. (in the case of natural gas production) on their gross income, less deduction of allowable costs and certain other tax adjustments, regardless of their shareholders being GCC and/or non-GCC persons.

Effective 1 January 2020G, Resident companies engaged in oil and hydrocarbons production activities as well as engaged in related downstream activities are subject to 20 per cent. corporate income tax on their profits attributable to downstream activities for the first five years starting from 1 January 2020G if certain conditions are fulfilled (separates its downstream activities from the oil and other hydrocarbon production activities into an independent legal entity before 31 December 2024). If the taxpayer does not comply in separating its downstream activities from the oil and other hydrocarbon production activities by 31 December 2024, income from downstream activities should be taxed retroactively on an annual basis for such five-year period in accordance with the multi-tiered tax rates applicable to oil and hydrocarbon production companies. In such case, the taxpayer should be required to pay the difference in taxes due to the Government.

Zakat

Zakat is a religious obligation imposed on Muslims by the *Shari'a* law to pay a fixed percentage of their wealth for the relief of poverty.

The rules governing the calculation of zakat are complex. Separate rules are applicable for the calculation of zakat by the zakat payers who are engaged in the Kingdom in financing activities (licensed by SAMA) and zakat payers who are engaged in the Kingdom in non-financing activities. This section broadly covers the zakat consequences of investment in the Certificates by investors who are engaged in non-financing activities in the Kingdom.

As per the Zakat Regulations, Persons Subject to Zakat include Resident companies (excluding investment funds that are not engaged in financing activities) that are owned by GCC persons, Resident natural persons who are GCC persons engaged in business activities and a Permanent Establishment of GCC persons in the Kingdom (meeting the conditions set out under Article 2(4) of the Zakat Regulations).

As per Ministerial Resolution No. 29791 dated 09/05/1444H (corresponding to 3 December 2022G), investment funds (other than investment funds engaged in financing activities) are not subject to zakat in the Kingdom. The

investors (or unitholders) of the investment funds (other than funds engaged in financing activities) are subject to zakat on their share of interest in such investment funds. The investor should be eligible to claim deduction of its investment in such investment fund if (a) the investment held is non-trading; and (b) it settles zakat on its ownership interest in the investment fund (if the investor is not consolidating the investment fund for zakat purposes). In general, zakat on zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted zakatable profits and the zakat base (or net wealth). Generally, the zakat base on which zakat is computed comprise the equity, provisions, loans and credit balances (subject to certain limitations) and adjusted net profit or loss for zakat purposes for the year, less the sum of the value of fixed assets, certain long-term investments (such as equity, investment funds subject to conditions) and certain other deductions. The zakat rate on the zakat base is 2.578 per cent. if a zakat payer is following the Gregorian financial year and 2.5 per cent. if a zakat payer is following the Hijri financial year. The zakat rate on zakatable profit is 2.5 per cent. regardless of the financial year (Gregorian or Hijri) followed by the zakat payer.

Under Article 5(4) of the Zakat Regulations (which are in effect in the Kingdom as of the date of this Base Prospectus) receivable loans, subordinated / additional financing and equivalents provided to the investee are not considered as valid deductible investments in the hands of investors for zakat purposes.

Pursuant to the Ministerial Resolution No. 58705 dated 21/9/1444H (corresponding to 12 April 2023G), Article 6(8) of the Zakat Regulations has been added introducing a deduction for non-trading (or long-term) investment in sukuk and bonds for investors, provided that the issuer treats such sukuk and bonds similar to share capital for zakat purposes (provided that there is no change until maturity).

Therefore, investment in the Certificates (if held for non-trading or long-term) may qualify for a deduction from the zakat base of the investor for zakat purposes if the (a) trustee is subject to zakat and (b) conditions stipulated in Ministerial Resolution No. 58705 are met.

According to the Ministerial Resolution No. 2215 dated 7/7/1440H (corresponding to 14 March 2019G), for zakat payers engaged in financing activities, investment in Certificates (irrespective of the structure) with a maturity, wholly or partially, of more than one year, whether classified as long term or short term, are considered non-zakatable assets.

Withholding Tax (WHT)

Residents of the Kingdom and the Permanent Establishment of a non-Resident in the Kingdom are required to withhold taxes on certain payments to non-Residents of the Kingdom, including to residents of the other GCC countries, if such payment is from a source in the Kingdom. WHT rates vary from 5 per cent. to 20 per cent. depending on the nature of the underlying payment. Rental charges and loan charges (akin to interest) paid to non-residents attract a 5 per cent. WHT unless such WHT is reduced or eliminated pursuant to the terms of an applicable tax treaty for the avoidance of double taxation.

Payments of Rental and Murabaha Instalment Profit Amount (which are typically treated as similar to interest or Loan Charge for tax purposes as per Article 5(1) of the By-Laws to Income Tax Law) to be made by Dar Al-Arkan to the Trustee should also generally be treated as interest payments for the Kingdom's tax purposes and attract 5 per cent. WHT. However, currently there is no tax treaty for the avoidance of double taxation between the Kingdom and the Cayman Islands.

If any WHT is required by law to be deducted or withheld in connection with any payments by Dar Al-Arkan to the Trustee in the nature of Rental and Murabaha Instalment Profit Amount, Dar Al-Arkan has agreed to increase the amount paid so that the full amount of such payment is received by the Trustee as if no such deduction or withholding had been made.

No WHT should arise on the payments from the Trustee to the Certificateholders on the basis that the Trustee is not a Resident, and does not have a Permanent Establishment, in the Kingdom for tax purposes.

Capital Gains Tax

According to Article 2 of the Income Tax Law, Persons Subject to Taxation include non-Residents in the Kingdom with taxable income generated from sources in the Kingdom and without a Permanent Establishment for tax purposes in the Kingdom (other than the Permanent Establishment of a GCC person as defined under Article 2 of the Zakat Regulations).

Further, Article 1(2) of the By-Laws to the Income Tax Law defined the applicable tax on such a Person being subject to the following:

(a) WHT, if the income generated is stipulated under Article 68 of the Income Tax Law; and

(b) capital gains tax, if the income is derived from the disposal of fixed and traded assets, or from the disposal of shares in a Resident company under the general provisions of the Income Tax Law.

Based on the above, if the sale of the Certificates by the Certificateholders is considered a source of income in the Kingdom, then the related income (or capital gain) should be subject to 20 per cent. corporate income tax in the Kingdom according to the rules for computation of capital gain tax provided in the Income Tax Law for non-Residents.

Capital gains realised from the disposal of securities (such as the Certificates) listed on Tadawul is exempt from tax in the Kingdom if the following conditions are met:

- the disposal is carried out in accordance with the regulations of the stock market in the Kingdom or the disposal is carried out outside of the Kingdom, but such securities are also traded on Tadawul; and

- the investor did not hold the securities before the effective date of the Income Tax Law (i.e. 30 July 2004G).

The above exemption provided in the Income Tax Law is not applicable to the Certificates as the Certificates will not be listed on Tadawul and, therefore, the exemption is not considered in the below taxation summary.

Capital gains realised from the disposal of the Certificates by the Resident Certificateholders (other than Resident Certificateholders who are natural persons and such capital gains is not connected with their business activity in the Kingdom) should not be subject to capital gains tax. However, such gains should be included in the total income of such Certificateholders subject to corporate income tax or zakat in the Kingdom.

Certain Tax and Zakat Implications for Certificateholders

(a) Certificateholders That Are GCC Persons and Resident in the Kingdom

Certificateholders That Are Legal Entities Resident in the Kingdom and Wholly Owned by GCC Persons

Certificateholders that are legal entities Resident in the Kingdom and wholly owned by GCC persons are subject to zakat only, and all income in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates should be part of such Certificateholder's gross income subject to zakat.

It should be noted that the above summary does not consider the extent to which such Certificateholders would be liable to zakat as a consequence of acquiring, holding or disposing of the Certificates. As noted above, under Article 6(8) of the Zakat Regulations that is in effect as of the date of this Base Prospectus in the Kingdom, investments in the Certificates (if held for non-trading or long-term) may be deductible from the net wealth of the investor for zakat purposes if (a) the trustee is subject to zakat and (b) certain conditions stipulated in Ministerial Resolution No. 58705 are met.

Legal Entities Resident in the Kingdom but not Wholly Owned by GCC Persons

Certificateholders that are legal entities Resident in the Kingdom owned jointly by GCC persons and non-GCC persons are subject in the Kingdom to zakat and corporate income tax based on the percentage of shares held by GCC and non-GCC shareholders respectively in respect of any income received in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates.

Certificateholders Who Are GCC Natural Persons and Resident in the Kingdom

Certificateholders who are GCC natural persons and Resident in the Kingdom are not subject to zakat in the Kingdom as per the Zakat Regulations in respect of any income received in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates unless such Certificateholder's investment in the Certificates is connected to such Certificateholder's business activity in the Kingdom. If such income is connected to such Certificateholder's business activity in the Kingdom, such amounts generally should be subject to zakat in the

Kingdom.

(b) Certificateholders That Are Non-GCC Persons and Resident in the Kingdom

Certificateholders that are non-GCC persons will be subject in the Kingdom to corporate income tax. The payment in the nature of profit, Loan Charge or capital gain realised should be part of such Certificateholder's gross income subject to 20 per cent. corporate income tax on taxable profit (other than in respect of persons engaged in oil and hydrocarbon production).

Certificateholders that are Resident in the Kingdom and engaged in oil and hydrocarbon production in the Kingdom are subject to corporate income tax in the Kingdom at levels between 50 per cent. and 85 per cent. on taxable profit (depending on the level of total capital investment (as defined in the Income Tax Law) of such entity).

Certificateholders who are non-GCC natural persons and Resident in the Kingdom are not subject to income tax, be it by way of WHT or by way of direct corporate income tax, in respect of any income received in the nature of profit, Loan Charge or capital gains realised in respect of the Certificates unless such Certificateholder's investment in the Certificates is connected to such Certificateholder's business activity in the Kingdom. If such income is connected to such Certificateholder's business activity in the Kingdom (including on capital gains realised from the disposal of Certificates), such amounts generally should be subject to 20 per cent. corporate income tax in the Kingdom.

(c) Certificateholders That Are Non-Resident in the Kingdom

Certificateholders, either natural persons or legal entities, that are not Resident in the Kingdom (whether such Certificateholders are GCC persons or non-GCC persons), including Certificateholders resident in the other GCC countries (other than the Kingdom), should not be subject in the Kingdom to WHT on any payment in the nature of profit or Loan Charge (other than capital gains realised from the disposal of Certificates) received by them, in respect of the Certificates.

Generally, the capital gains arising from the disposal of Certificates should be subject to 20 per cent. capital gains tax in the Kingdom provided that the resulting capital gain is considered to be a source of income in the Kingdom. Certificateholders that are not Resident in the Kingdom (whether such Certificateholders are GCC persons or non-GCC persons) with a Permanent Establishment in the Kingdom for tax purposes as defined in Article 4 of the Income Tax Law (other than the Permanent Establishment of a GCC person as defined under Article 2 of the Zakat Regulations) should be subject to corporate income tax on the income earned by such person having the Permanent Establishment in the Kingdom in the nature of profit, Loan Charge or capital gains realised from the disposal of Certificates if such profit, Loan Charge or capital gains realised from the disposal of such Certificates is attributable to the Permanent Establishment's activities in the Kingdom.

The income earned by the person having the Permanent Establishment in the Kingdom in the nature of profit, Loan Charge or capital gains realised from the Certificates is subject to 20 per cent. corporate income tax (provided that such income from the Certificates is attributable to the Permanent Establishment's activities in the Kingdom).

The income earned by the person having the Permanent Establishment in the Kingdom under Article 2 of the Zakat Regulations in the nature of profit, Loan Charge or capital gains realised from the Certificates is subject to 2.5 per cent. Zakat (provided that such income from the Certificates is attributable to the Permanent Establishment's activities in the Kingdom).

Furthermore, any transfer of the after-tax/Zakat profit to the head office of the Permanent Establishment is considered to be a distribution of profit and accordingly subject to a 5 per cent. WHT in the Kingdom (unless eliminated or reduced by the applicable tax treaty for the avoidance of double taxation).

Other Taxes

Inheritance Tax

Currently there is no inheritance or other taxes of a similar nature in the Kingdom.

Residency

Certificateholders should not be deemed to be Resident, domiciled or carrying on business in the Kingdom

solely by reason of holding any Certificate.

Value Added Tax (VAT)

VAT was introduced in the Kingdom with effect from 1 January 2018G. VAT in the Kingdom is generally applicable to goods and services supplied by registered taxpayers in the Kingdom.

Where a transaction is considered to be in scope for VAT, the treatment can either be exempt, zero-rated (taxable at 0 per cent.) or standard rated (taxable at 15 per cent.) depending on, but not limited to, a number of factors such as the nature of the supply being provided and the recipient's place of residence for VAT purposes. Certain financial services, including those where the consideration is margin-based (e.g. profit) are treated as exempt from a VAT perspective in the Kingdom. The exemption also applies to the issue or transfer of a debt security.

The issuance of Certificates is similar to the issuance of a debt security and is treated as exempt for VAT purposes in the Kingdom where the issuance is made by a registered taxpayer in the Kingdom.

Islamic finance products involve the transfer of underlying goods (or real estate property) which can lead to a number of transactions to be analysed for the purposes of assessing VAT in the Kingdom. With respect to the Certificates in particular, ZATCA has published guidance to clarify that as an exception to the usual rules of VAT, the requisite underlying transfers of goods (e.g. commodities) should be treated as out of scope for VAT purposes to the extent that the transfer is intended to be temporary and on the basis that it is contractually certain the assets will be sold back. Accordingly, the goods received or supplied (and associated payments) by Certificateholders (via an agent) as part of the Certificates' structure via a *Shari'a* compliant financing arrangement, should be considered to be out of scope for VAT purposes in the Kingdom.

Further, effective 4 October 2022, the sale and transfer of real estate in the Kingdom is not subject to VAT (or exempt from VAT). However, such sale or transfer of real estate shall be subject to Real Estate Transaction Tax (**RETT**) at 5 per cent. subject to certain exceptions (see "*—Real Estate Transaction Tax (RETT)*" below).

Profits or trading gains generated by holding Certificates should be treated as exempt for VAT in the Kingdom on the basis that the consideration is margin-based. This component may, however, be treated as zero-rated for VAT purposes (taxable at 0 per cent.) where the profits/gains are received by a registered taxpayer in the Kingdom from a person that is not resident in the Kingdom, subject to the relevant criteria being fulfilled.

The precise reporting requirements attached to the various payments and receipts associated with the aforementioned transactions will depend on the residence of the Certificateholder and whether they are a registered taxpayer for VAT purposes in the Kingdom. However, with an exception of explicit fees or charges, any gain should not carry a positive VAT charge as they should either be treated as out of scope, exempt or zero-rated for the purposes of VAT in the Kingdom.

Any other goods or services supplied or received, which are ancillary to or separate from the Certificates, may attract VAT in the Kingdom along with other reporting requirements for Certificateholders.

Real Estate Transaction Tax (RETT)

Royal Decree No. A / 84 dated 14/2/1442H (corresponding to 1 October 2020G) issued exempting real estate supplies that take place by way of transfer of ownership, or the right to dispose of them as an owner, from VAT in the Kingdom and introduced a new tax regime on real estate transactions that includes sales and the like at a rate of 5 per cent. from the value of the real estate.

Ministerial Resolution (MR) No. 712 dated 15/02/1442H (corresponding to 2 October 2020G) issued the Implementing Regulations for RETT (the **RETT Regulations**).

Effective 4 October 2022, the sale and transfer of real estate in the Kingdom is not subject to VAT. However, RETT will be applicable at 5 per cent. of the total sale price for each disposal separately.

There is no threshold for declaration and payment of RETT and all transactions are subject to RETT except those that are specifically exempt according to the list of exemptions specified in RETT Regulations.

It is worth noting that construction costs will remain subject to VAT at a rate of 15 per cent. In general, the input VAT paid on the construction costs of real estate will not be deductible as an exempt activity under the VAT Regulations. However, to support real estate developers, a refund scheme was announced pursuant to Ministerial

Resolution (MR) No. 1754 dated 15/04/1442H (corresponding to 30 November 2020G) outlining the conditions for a licensed real estate developer to refund input VAT incurred in relation to real estate supplies that became exempt from VAT as of 4 October 2020.

Since the issuance of the RETT Regulations, a series of amendments have been introduced including expanding the scope of the RETT exemption. The RETT Regulations provide certain exceptions which include financing products, inheritance and free contribution of real estate to *Waqf* (or civil endowment) as exempt from RETT.

Definitions

For the purposes of this summary:

The concept of **Residency in the Kingdom** as defined in Article 3 of the Income Tax Law is set out below:

(a) A natural person is considered a Resident in the Kingdom for a taxable year if he/she meets either of the two following conditions:

(i) he/she has a permanent place of abode in the Kingdom and is physically residing in the Kingdom for a period, in aggregate, of not less than 30 days during the taxable year; or

(ii) he/she is physically residing in the Kingdom for a period of not less than 183 days in the taxable year.

For the purposes of this paragraph, residence in the Kingdom for part of a day is considered residence for the whole day, except in the case of a person in transit between two points outside the Kingdom.

(b) A company is considered Resident in the Kingdom during the taxable year if it meets either of the following conditions:

(i) it is formed in accordance with the Kingdom's companies regulations; or

(ii) its central management is located in the Kingdom.

Dependent Agent means, as per Article 4(1) of the By-Laws to the Income Tax Law, an agent that: (a) is authorised to negotiate on behalf of a non-resident; (b) is authorised to enter into contracts on behalf of a non-resident; or (c) has a stock of goods, owned by a non-resident, located in the Kingdom to supply the client's demands on behalf of the non-resident.

GCC person means: (a) a citizen of any of the member countries of the GCC; (b) a legal entity owned by GCC citizens and established under the laws of a GCC country; and (c) public shareholders (or persons who hold shares for trading) in a resident listed company (irrespective of their nationalities). The following persons are considered to be non-GCC persons irrespective of their nationalities:

- Shareholders of Resident legal entities engaged in oil and hydrocarbons production;
- Shareholders of Resident legal entities engaged in natural gas production; and
- Shareholders of Resident capital companies if the shares are ultimately held directly or indirectly by persons engaged in oil and hydrocarbon production. Article 2(a) of the Income Tax Law amended by Royal Decree No. M/153 dated 5/11/1441 (corresponding to 26 June 2020G) and published in the official gazette on 3 July 2020G, provides that this provision should not apply to shares held directly or indirectly in the resident capital companies listed on Tadawul in the Kingdom and shares held by such listed companies in other capital companies.

Loan Charge is as defined in Article 5 (1) of the By-Laws to Income Tax Law, meaning an amount paid for the use of money. This includes income realised from loan transactions of any type, whether secured by guarantees or not, or by giving rights to participate in the profits of the debited person or not. It also includes income realised from governmental and non-governmental bonds.

Permanent Establishment for income tax purposes means a permanent place for the non-Resident's activity in which it conducts the activity either fully or partially; this also includes the activities conducted by the non-Resident through a Dependent Agent. A non-Resident carrying out an activity in the Kingdom through a

licensed branch (as defined in Article 4(b)(4) of the Income Tax Law) is considered to have a Permanent Establishment in the Kingdom.

Permanent Establishment of GCC persons is subject to Zakat provided at least two conditions of the conditions stated below are met in respect of the central management of such Permanent Establishment (as set out under Article 2(4) of the Zakat Regulations):

(a) the board of directors' ordinary meetings at which the main policies and decisions relating to management and running of the entity's business are made, are held regularly in the Kingdom;

(b) the supreme executive decisions relating to the company's functions (for example chief executive officer's/deputies' decisions) are made in the Kingdom; and

(c) the entity's business generating the majority of revenue is mainly carried out in the Kingdom. In such case, a permanent entity's activity and those of such entity's branches shall be accounted for on a worldwide basis.

The following shall not be subject to the provisions of Article 2 of the Zakat Regulations:

(a) Resident capital companies, in respect of the shares owned directly/indirectly by the persons engaged in the production of oil and hydrocarbons, whether natural or legal persons, resident or non-resident (other than shares held directly or indirectly in the resident capital companies listed on Tadawul in the Kingdom and shares held by such listed companies in other capital companies); and

(b) Zakat payer as to whom a decision is made by ZATCA that he is not subject to Zakat collection.

Persons Subject to Taxation as defined in Article 2 of the Income Tax Law are:

(a) a resident capital company with respect to non-GCC shares (owned directly and indirectly) with the exception of investment funds that are not engaged in financing activities;

(b) a resident non-GCC natural person who conducts business in the Kingdom;

(c) a non-resident who conducts business in the Kingdom through a Permanent Establishment (other than the Permanent Establishment of a GCC Person as defined under Article 2(4) of the Zakat Regulations);

(d) a non-resident with taxable income generated from sources within the Kingdom;

(e) a person engaged in the field of natural gas investment activity;

(f) a person engaged in the field of oil and hydrocarbons production activity; and

(g) persons subject to taxation also including a Resident capital company in respect of those shares owned directly or indirectly by persons engaged in the field of oil and hydrocarbon production. Article 2(a) of the Income Tax Law amended by Royal Decree No. M/153 dated 5/11/1441 (corresponding to 26 June 2020G) and published in the official gazette on 3 July 2020G provides that this provision should not apply to shares held directly or indirectly in the resident capital companies listed on Tadawul in the Kingdom and shares held by such listed companies in other capital companies.

Note: A capital company, as per Article 1 of the Income Tax Law, is a joint stock company, a limited liability company or a company limited by shares. For the purposes of the Income Tax Law, investment funds shall be considered capital companies.

Persons Subject to Zakat as defined in Article 2 of the Zakat Regulations, are:

(a) Saudi and GCC nationals residing in the Kingdom and carrying on business activity in the Kingdom;

(b) companies (listed and unlisted) Resident in the Kingdom in respect of shares owned by GCC persons, as well as anyone who carries on business activity under a licence issued by a competent governmental or administrative authority in accordance with rules established by such authority;

(c) companies (listed) Resident in the Kingdom in respect of shares owned by non-GCC persons, other than founders and their assignees, in accordance with the memorandum of association or statutory documents, and the shareholders of Saudi governmental authorities, bodies and institutions.

(d) Permanent Establishments owned by non-resident GCC persons as per Article 2(4) of the Zakat Regulations.

Resident means a natural person or company that satisfies the residency conditions stipulated in Article 3 of the Income Tax Law or any governmental department or ministry, public entity or other corporate person or entity formed in the Kingdom (Article 1 of the Income Tax Law).

ZATCA means the Zakat, Tax and Customs Authority.

The proposed financial transactions tax (*FTT*)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Certificates (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Certificates where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Certificates are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The Trustee may be a foreign financial institution for these purposes. A number of jurisdictions (including the Cayman Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Certificates, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Certificates, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Certificates characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Certificates.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 5 July 2023, agreed with the Trustee and Dar Al-Arkan a basis upon which they or any of them may from time to time agree to purchase Certificates. Any such agreement will extend to those matters stated under "*Terms and Conditions of the Certificates*". In the Programme Agreement, each of the Trustee and Dar Al-Arkan has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue, offer and sale of Certificates under the Programme. The Programme Agreement provides that the obligation of any Dealer to subscribe for Certificates under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Certificates. Investors will have no rights against the Trustee, Dar Al-Arkan or the Dealers in respect of any expense incurred or loss suffered in these circumstances.

SELLING RESTRICTIONS

United States

The Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Certificates (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Certificates of the Series of which such Certificates are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with an applicable exemption from the registration requirements of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Public Offer Selling Restriction under the Prospectus Regulation

In relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Certificates to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and Dar Al-Arkan for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Certificates referred to above shall require the Trustee, Dar Al-Arkan or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

(a) the expression an **offer of Certificates to the public** in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for Certificates; and

(b) the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Public Offer Selling Restriction under the UK Prospectus Regulation

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in the UK except that it may make an offer of such Certificates to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and Dar Al-Arkan for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Certificates referred to above shall require the Trustee, Dar Al-Arkan or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an **offer of Certificates to the public** in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates; and

- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that,

(a) in relation to any Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or Dar Al-Arkan; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the UK.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no invitation or offer, whether directly or indirectly, to subscribe for the Certificates has been or will be made to the public in the Cayman Islands.

Japan

The Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires Certificates pursuant to any offering should note that the offer of Certificates is a private placement under Article 8 of the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority pursuant to resolution number 3-123-2017 dated 09/04/1439H (corresponding to 27 December 2017), as amended by the Board of the Capital Market Authority pursuant to resolution number 8-5-2023 dated 25/06/1444H (corresponding to 18 January 2023) (the **KSA Regulations**), made through a capital market institution licensed to carry out arranging activities by the Capital Market Authority and following a notification to the Capital Market Authority under Article 10 of the KSA Regulations.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates made by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

United Arab Emirates (excluding the Dubai International Financial Centre and the Abu Dhabi Global Market)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the **DFSA**) rulebook; and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA rulebook.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more, excluding that person's principal place of residence;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except (i) in compliance with all applicable laws and regulations of the State of Qatar; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus: (i) has not been filed with, reviewed or approved by the Qatar Central Bank, the Qatar Stock Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority, and may not be publicly distributed in the State of Qatar (including the Qatar Financial Centre); (ii) is intended for the original recipient only and must not be provided to any other person; and (iii) is not for general circulation in the State of Qatar (including the Qatar Financial Centre) and may not be reproduced or used for any other purpose.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Certificates or caused such Certificates to be made the subject of an invitation for subscription or purchase and will not offer or sell any Certificates or cause such Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase, of any Certificates, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, or (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Certificates are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Certificates pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures Act (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, in each case, and will not issue or have in its possession for the purposes of issue, in each case whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia under the CMSA. Accordingly, Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been and will not be offered, sold or delivered, and no invitation to subscribe for or purchase the Certificates has been or will be made, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons within any one of the categories of persons specified under Part 1 of Schedule 6 (or Section 229(1)(b)), Part 1 of Schedule 7 (or Section 230(1)(b)), and Schedule 8 (or Section 257(3)), read together with Schedule 9 (or Section 257(3)) of the CMSA, subject to any law, order, regulation or official directive of the Central Bank of Malaysia, the Securities Commission of Malaysia and/or any other regulatory authority from time to time.

Residents of Malaysia may be required to obtain relevant regulatory approvals including approval from the Controller of Foreign Exchange to purchase the Certificates. The onus is on the Malaysian residents concerned to obtain such regulatory approvals and none of the Dealers is responsible for any invitation, offer, sale or purchase of Certificates as aforesaid without the necessary approvals being in place.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers any Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, Dar Al-Arkan, the Delegate and any other Dealer shall have any responsibility therefor.

None of the Trustee, Dar Al-Arkan, the Delegate and any of the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or

pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale. Persons into whose possession this Base Prospectus or any Certificates may come must inform themselves about, and observe, any applicable restrictions on the distribution of this Base Prospectus and the offering and sale of Certificates.

With regard to each Series, the relevant Dealer will be required to comply with any additional restrictions agreed between the Trustee, Dar Al-Arkan and the relevant Dealer and set out in the relevant subscription agreement or dealer confirmation letter, as the case may be.

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Certificates have been duly authorised by a resolution of the Board of Directors of the Trustee dated 4 July 2023. The Trustee has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the issue and performance of Certificates to be issued under the Programme and the execution and performance of the Transaction Documents to which it is a party. The entry into of the Transaction Documents to which it is a party relating to the update of the Programme has been duly authorised by a resolution of the Board of Directors of Dar Al-Arkan dated 3 July 2023.

Listing

It is expected that each Series of Certificates which is to be admitted to the Official List and to trading on the London Stock Exchange's main market will be admitted separately as and when issued, subject only to the issue of a Global Certificate initially representing the Certificates of such Series.

Application has been made to the FCA for Certificates (other than Exempt Certificates) issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and to the London Stock Exchange for such Certificates to be admitted to trading on the London Stock Exchange's main market.

Exempt Certificates may also be issued under the Programme.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies (and English translations where the documents in questions are not in English) from https://www.daralarkan.com/investor-relations/financial-information/sukuk-programme:

(a) the Trust Deed and the Agency Agreement;

(b) the Memorandum and Articles of Association of the Trustee and the constitutional documents of Dar Al-Arkan;

(c) this Base Prospectus; and

(d) any future offering circulars, prospectuses, information memoranda and supplements including any applicable Final Terms (save that Pricing Supplements will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Trustee and the Principal Paying Agent as to its holding of the relevant Certificates and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

This Base Prospectus will also be available for viewing on the market news section of the London Stock Exchange website (www.londonstockexchange.com/news).

Clearing Systems

The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records).The appropriate Common Code and ISIN for each Series will be specified in the applicable Final Terms.

If the Certificates are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Third Party Information

Where information in this Base Prospectus has been sourced from third parties this information has been accurately reproduced, and as far as the Trustee and Dar Al-Arkan are aware and are able to ascertain from the

information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading.

Significant or Material Change

There has been no significant change in the financial position or financial performance of the Trustee and no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been (i) no significant change in the financial position or financial performance of Dar Al-Arkan and its subsidiaries, taken as a whole, since 31 March 2023 and (ii) no material adverse change in the prospects of Dar Al-Arkan and its subsidiaries, taken as a whole, since 31 December 2022.

Litigation

The Trustee is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Trustee is aware) in the 12 months preceding the date of this Base Prospectus that may have, or have had in the recent past, a significant effect on the financial position or profitability of the Trustee.

Neither Dar Al-Arkan nor any of its subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Dar Al-Arkan is aware) during the 12 months preceding the date of this Base Prospectus that may have, or have had in the recent past, a significant effect on the financial position or profitability of Dar Al-Arkan and/or its subsidiaries, respectively.

Auditors

The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements or appoint any auditors.

The 2021 Audited Financial Statements were audited without qualification by AlKharashi, the previous auditors of Dar Al-Arkan, as stated in their audit report incorporated by reference into this Base Prospectus.

The 2022 Audited Financial Statements were audited without qualification by LYCA, the current auditors of Dar Al-Arkan, as stated in their audit report incorporated by reference into this Base Prospectus.

The Interim Financial Statements were reviewed by LYCA as stated in their review report incorporated by reference into this Base Prospectus. With respect to the Interim Financial Statements, LYCA has reported that they have applied limited procedures in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom. However, their review report dated 21 May 2023, incorporated by reference into this Base Prospectus, states that they did not audit and they do not express any audit opinion on that interim condensed consolidated financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Each of AlKharashi and LYCA are licensed by SOCPA and registered with the Ministry of Commerce. Neither AlKharashi nor LYCA have any material interest in Dar Al-Arkan.

Dealers transacting with Dar Al-Arkan

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, Dar Al-Arkan (and its affiliates) in the ordinary course of business for which they have received, and for which they may in the future receive, fees.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of Dar Al-Arkan or Dar Al-Arkan's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with Dar Al-Arkan routinely hedge their credit exposure to Dar Al-Arkan consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of

Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Cayman Islands Data Protection

The Trustee has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the **DPA**) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors' data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

TRUSTEE

Dar Al-Arkan Sukuk Company Ltd.
c/o MaplesFS Limited
P.O. Box 1093, Queensgate House
Grand Cayman, KY1-1102
Cayman Islands

DAR AL-ARKAN

Dar Al-Arkan Real Estate Development Company
Maathar Street
P.O. Box 105633, Riyadh 11656
Kingdom of Saudi Arabia

STATUTORY AUDITORS TO DAR AL-ARKAN

Prior to 1 April 2022
AlKharashi & Co.
P.O. Box 8306, Riyadh 11482
Kingdom of Saudi Arabia

From 1 April 2022
Alluhaid & Alyahya Chartered Accountants
Grand Tower 12th Floor
Muhammadiyah District, King Fahd Road
Riyadh
Kingdom of Saudi Arabia

DELEGATE

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United Kingdom

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
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Luxembourg

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To the Trustee as to Cayman Islands law
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Dubai International Financial Centre
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To Dar Al-Arkan as to English law

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To Dar Al-Arkan as to Saudi law

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To the Dealers as to Saudi law

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United Arab Emirates

ARRANGERS AND DEALERS

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United Arab Emirates

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