



KINGDOM OF SAUDI ARABIA

Capital Market Authority

Instructions for Offering Real Estate Contributions Certificates

English Translation of the Official Arabic Text

Issued by the Board of the Capital Market Authority

Pursuant to its Resolution Number 3-6-2024

Dated 5/7/1445H. Corresponding to 17/1/2024G.

Based on the Capital Market Law Issued by Royal Decree No M/30 dated 2/6/1424H

and the Real Estate Contributions Law Issued by Royal Decree No M/203 dated

28/12/1444H

Note: Arabic is the official language of the Capital Market Authority

Important Notice:

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



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Part 1: Preamble

- a) These instructions aim to regulate the registration and offering of certificates for real estate contributions in the Kingdom.
- b) These Instructions shall have no prejudice to the provisions of the Capital Market Law, the Real Estate Contributions Law, their implementing regulations, and other related laws.
- c) The Authority may waive any provision of these Instructions, either in whole or in part, as it applies to a person upon application or the Authority's own initiative.
- d) The Capital Market Institution executing the offer may be charged a fee by the Authority, as prescribed.

Part 2: Definitions

- a) In these Instructions, any mention of the "Law" refers to the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H. Also, any reference to the "Real Estate Contributions Law" refers to the Real Estate Contributions Law issued by Royal Decree No. M/203 dated 28/12/1444H.
- b) The expressions and terms used in these Instructions carry the same meaning as defined in the Law, the Real Estate Contributions Law and the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority. This applies unless it is explicitly indicated otherwise.

Part 3: Offering Real Estate Contributions Certificates

It is prohibited for any person to advertise, announce, offer, or collect funds for real estate contribution certificates in the Kingdom unless the following conditions are satisfied:

- 1) The offer must be made through a licensed capital market institution authorized to carry out arranging activities.
- 2) The offer must be made through a private placement or a public offering. In the case of a private placement, the offerees must be institutional and qualified clients. If the private placement is offered to retail clients, it must be limited to 100 offerees or less, and the maximum amount payable per offeree from investors of the retail clients' category must not exceed 200,000 Saudi Riyals.
- 3) The funds collected from the offering of real estate contribution certificates must not exceed 100 million Saudi Riyals.

Part 4: Private placement requirements

- a) Before the proposed offering date for the private placement, the Capital Market Institution must submit a written application to the Authority at least 10 days in advance. The application should include the following documents:



- 1) A private placement notification for real estate contribution certificates based on the requirements of Annex (1) of these Instructions, along with copies of any advertising materials used for the offer.
 - 2) A copy of the conditional approval for the license application for real estate contribution issued by the Real Estate General Authority.
 - 3) A declaration in the format specified in Annex (2) of these Instructions from the Capital Market Institution conducting the offer.
 - 4) A declaration in the format specified in Annex (3) of these Instructions from the Licensee confirming the accuracy of the information in the Offering Document.
 - 5) any other documentation that may be required by the Authority.
- b) The applicant must pay the fees set by the Authority.
- c) The applicant must immediately notify the Authority of any changes in the documentation and information provided to the Authority.
- d) If, after receiving the application for private placement and the information provided in Paragraph (a) of this Part, The Authority deems that the proposed offer of Real Estate Contribution Certificates may not be in the interest of investors or may result in a violation of the Law or its Implementing Regulations, it can take any of the following actions:
- 1) It can carry out any inquiry it deems appropriate, including requiring the applicant or its representative to appear before the Authority to answer questions and explain any relevant matters regarding the application. An applicant becomes subject to these Instructions as of the date of submission of the application.
 - 2) It can ask for additional information or confirmation, in a way specified by the Authority, that the information provided is accurate.
 - 3) It can verify any information provided by the applicant.
- e) If, after taking action according to Paragraph (d) of this Part, the Authority determines that offering Real Estate Contribution Certificates may not be in the investors' interest or may result in a violation of the Law or its Implementing Regulations, the Authority may issue a "notification" to the Capital Market Institution, stating that the offer should not be made, or publish a "notice" prohibiting the offer. The Capital Market Institution will be provided with an appropriate opportunity to be heard before any such action is taken. The Real Estate General Authority must be notified of any such action.
- f) If the Authority does not take any action outlined in paragraphs (d) and (e) of this Part within 10 days of completing the application, the offer of Real Estate Contribution Certificates is considered approved by the Authority.



Part 5: Public offering requirements

- a) The Capital Market Institution must submit a written application to the Authority in order to obtain approval for the public offering of Real Estate Contribution Certificates. The application should be accompanied by the following documents:
 - 1) A prospectus for offering Real Estate Contribution Certificates that meets the requirements of Annex (5) of these Instructions.
 - 2) A copy of the conditional approval for the license application for real estate contribution issued by the Real Estate General Authority.
 - 3) A declaration in the format specified in Annex (6) of these Instructions from the Capital Market Institution conducting the offer.
 - 4) A declaration in the format specified in Annex (7) of these Instructions from the Licensee confirming the accuracy of the information in the prospectus.
 - 5) any other documentation that may be required by the Authority.
- b) The applicant must pay the fees set by the Authority.
- c) Upon receiving all the required information and documentation as per these Instructions, The Authority will review the application within 30 days. If the Authority determines that the public offering of Real Estate Contribution Certificates may not be in the interest of investors or may result in a violation of the Capital Market Law and its Implementing Regulations, then it may take any of the following actions:
 - 1) It can carry out any inquiry it deems appropriate;
 - 2) It can require the applicant or its representative to appear before the Authority to answer questions and explain relevant matters regarding the application.
 - 3) It can require the applicant or third parties to provide additional information or to confirm the accuracy of the provided information in the way specified by the Authority.
 - 4) It can defer making a decision for a reasonable period to carry out further study or examination.
- d) If, after taking action according to Paragraph (c) of this Part, the Authority determines that the offering may not be in the investors' interest or may result in a violation of the Capital Market Law or its Implementing Regulations, the Authority may issue a "notification" to the Capital Market Institution, stating that the application has not been approved, or publish a "notice" prohibiting the offer, sale or transfer of title of the securities to which the application relates. The Real Estate General Authority must be notified of any such action.
- e) The approval of the application for public offering of the real estate contribution certificates by the Authority shall be considered as an approval of the prospectus.



Part 6: Capital Market Institution's Obligations

- a) When applying to the Authority for the offering of real estate contribution certificates, the Capital Market Institution conducting the offer must comply with the following:
 - 1) Act as the primary point of contact for the Authority regarding the application for the offer of real estate contribution certificates;
 - 2) Conduct due diligence and ensure that the Licensee has met all the conditions required under these Instructions.
- b) After receiving approval from the Authority and obtaining a license from the Real Estate General Authority for real estate contribution, the Capital Market Institution that is conducting the offer must adhere to the following requirements:
 - 1) Proceed with the procedures for the offer, fundraising, and promotional announcements related to the offer.
 - 2) Ensure that investors receive sufficient information regarding the Real Estate Contribution, which allows them to make informed decisions. The information must be complete, clear, accurate, and not misleading.
 - 3) Ensure that all advertisements related to the offer of Real Estate Contribution certificates meet the relevant requirements of the Securities Business Regulations, the Capital Market Institutions Regulations, and any other related requirements.
 - 4) The private placement offering documents used to advertise the offer must contain a prominent statement in the form set out in Annex (4) of these Instructions.
 - 5) Ensure that the in-kind contribution meets the requirements set out in the Real Estate Contribution Law and its implementing regulations when fundraising the Real Estate Contribution.
 - 6) The offering period must not exceed a maximum of 90 days.
 - 7) Submit to the Authority, within 10 days from the end of the offering period, a statement of the offering result containing the following information:
 - a) Name of Real Estate Contribution.
 - b) Name of the Licensee.
 - c) Date of the end of the offering period.
 - d) Amount collected (in SAR).
 - e) Number of certificate holders and their ownership percentages in the Real Estate Contribution.
 - 8) In case the offering is not completed, it will be considered canceled. The certificate holders should receive their money back within 10 days of the end of the offering period without any deduction, and the Authority should be notified accordingly.



Part 7: Capital Market Institution's Continuing Obligations

The Capital Market Institution that conducts the offer must adhere to the following requirements:

- a) Establish and maintain a register of certificate holders, and provide the Licensee with a copy of the same. The register must contain the following information:
 - 1) Name, address, and contact details of each certificate holder.
 - 2) National identification number, residence number (Iqama), passport number, or commercial registration number of the certificate holder.
 - 3) Nationality of the certificate holder.
 - 4) the number of certificates owned by each certificate holder.
 - 5) Date of registration of the certificate holder in the register.
 - 6) Bank account information of the certificate holder.
- b) The certificate holder should be notified of the issuance of the certificate of Real Estate Contribution, which proves their ownership of the Real Estate Contribution.
- c) The transfer of ownership of the real estate contribution certificates should be carried out after verifying that the current certificate holder has waived their share and complies with the restrictions stipulated in the Real Estate Contribution Law and its Implementing Regulations.
- d) The register of certificate holders should be updated immediately to reflect any changes to the certificate holders' ownership and notify the Licensee of such changes.

Part 8: Capital Market Institution's Obligations upon the End of the Real Estate Contribution's Period

The Capital Market Institution through which the offer is being made is required to notify the Authority in writing within 10 days of the end of the Real Estate Contribution's period. The notification should include the following details:

- 1) Name of Real Estate Contribution.
- 2) Name of the Licensee.
- 3) Name of the Real Estate Contribution's manager.
- 4) Name of the Capital Market Institution through which the offer was made.
- 5) Number of certificate holders and their ownership percentages in the Real Estate Contribution.
- 6) Any other details (if any).

Part 9: Register of Certificate holders

- a) The Capital Market Institution that conducts the offer may hire a third party or parties through a written contract to establish and maintain the register of certificate holders, as referred to in Paragraph (a) of Part (7) of these Instructions.
- b) Despite the appointment of a third party, the Capital Market Institution through which the offer is made remains responsible for fulfilling all its obligations related to the register under these Instructions.



- c) The register of certificate holders must be accessible to the Authority and Real Estate General Authority upon request. The Capital Market Institution through which the offer is made must provide, upon request, a free extract to any certificate holder. This extract should contain all relevant information pertaining to the concerned certificate holder.
- d) The Capital Market Institution through which the offer is made must update the register of certificate holders immediately to reflect changes in the information mentioned in Paragraph (a) of Part (7) of these Instructions.

Part 10: Books and Records Keeping

- a) The Capital Market Institution that conducts the offer must keep accurate books and records related to the offer of all real estate contributions offered by it to demonstrate compliance with these Instructions.
- b) The Capital Market Institution that conducts the offer must maintain, at all times, a record of all certificates issued and canceled and keep an updated record of the outstanding balance of certificates for each real estate contribution it has offered.
- c) Without prejudice to Paragraph (b) of this Part, the Capital Market Institution that conducts the offer must retain all books and records under these Instructions for 10 years, unless otherwise instructed by the Authority. If these books and records are related to any litigation or claim (including any litigation pending or threatened) or ongoing investigations, the Capital Market Institution must retain them for a longer period until the closure of that litigation, claim, or ongoing investigation.

Part 11: Entry into Force

These Instructions shall be effective as per its approval resolution.



ANNEX 1

CONTENTS OF PRIVATE PLACEMENT NOTIFICATION FOR REAL ESTATE CONTRIBUTION CERTIFICATES

The licensee or an authorized officer of the licensee, along with the Capital Market Institution, must sign and date the following information, as applicable. This information should be submitted to the Authority at least 10 days before the proposed date of the offer:

1. Name of the real estate contribution and the license number issued by the Real Estate General Authority.
2. Name of the licensee and the license number issued by the Real Estate General Authority.
3. Acknowledgment of intent to conduct a private placement under Part (4) of these Instructions by the licensee.
4. Name of the Capital Market Institution through which the offer will be made.
5. The capital of the real estate contribution.
6. Names of investors of in-kind contributions and their percentage of the total capital of real estate contribution (if any).
7. The total number of Real Estate Contribution certificates.
8. The proposed start and end dates of the offer.
9. The offer price for each Real Estate Contribution Certificate offered (in SAR).
10. The total value of the offer (in SAR).
11. The duration of the real estate contribution.
12. The number of Real Estate Contribution certificates issued by the licensee within the past 12 months.
13. The minimum amount (if any) to be paid by each offeree.
14. Reports of accredited valuers for the real estate subject to the real estate contribution.

[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose, and the licensee shall retain the original copies (or, where appropriate, certified copies) for a period not less than 10 years. In the event of a lawsuit, claim (including any existing or potential action), or any ongoing investigation related to such documents, the licensee shall retain such documents until the completion of such litigation, claim, or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].



ANNEX 2

CAPITAL MARKET INSTITUTION'S DECLARATION

[To be provided on the Capital Market Institution's letterhead]

To: The Capital Market Authority

We, _____ (*insert name of the “Capital Market Institution”*) (the Capital Market Institution), hereby confirm that we have been appointed by _____ (*insert name of the Licensee*) (the Licensee) to offer certificates of the Real Estate Contribution.

We further declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the Licensee has satisfied all the relevant conditions for making a privat placement of the Real Estate Contribution certificates and has submitted or will submit all the information and documentation required to be provided to the Authority under the Instructions for Offering Real Estate Contributions Certificates. In particular, we confirm that we have taken reasonable steps to ensure that members of the Licensee's governing body understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.

We hereby authorize the Authority to exchange any relevant information with the authorities, agencies, or bodies responsible for supervising financial services or other relevant authorities.

Signed on behalf of the Capital Market Institution: [the authorized officer]:

Name: _____

Signature: _____

Date: _____

[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose, and the Licensee shall retain the original copies (or, where appropriate, certified copies) for a period not less than 10 years. In the event of a lawsuit, claim (including any existing or potential action), or any ongoing investigation related to such documents, the Licensee shall retain such documents until the completion of such litigation, claim, or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].



ANNEX 3 LICENSEE'S DECLARATION

[To be provided on the Licensee's letterhead]

To: The Capital Market Authority

We, being _____ (*insert name of the licensee*), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in the offering documents to be used in advertising the offer is per the facts and has no omission likely to affect the integrity of such information and is fair, clear and not misleading.

We further declare that all the relevant conditions required for a private placement of the Real Estate Contribution certificates have been satisfied and have submitted or will submit all the information and documentation required to be provided to the Authority under the Instructions for Offering Real Estate Contributions Certificates. In particular, we confirm that we understand the nature and extent of our responsibilities under the Capital Market Law and its Implementing Regulations.

We hereby authorize the Authority to exchange any relevant information with any authorities, agencies, or bodies responsible for supervising financial services or any other relevant authorities.

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose, and the Licensee shall retain the original copies (or, where appropriate, certified copies) for a period not less than 10 years. In the event of a lawsuit, claim (including any existing or potential action), or any ongoing investigation related to such documents, the Licensee shall retain such documents until the completion of such litigation, claim, or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].



ANNEX 4

STATEMENT TO BE INCLUDED IN THE PRIVATE PLACEMENT OFFERING DOCUMENTS

The private placement offering documents must include the following statement:

“This document may not be distributed in the Kingdom except to such persons as are permitted under the Instructions for Offering Real Estate Contributions Certificates issued by the Capital Market Authority.

The Capital Market Authority has approved the offer of certificates of the real estate contribution. However, the Capital Market Authority does not guarantee its accuracy or completeness. It disclaims any liability for any loss arising from or incurred in reliance upon any part of this document. Prospective purchasers of the real estate contributions certificates offered hereby should conduct their own due diligence on the accuracy of the information relating to the offered certificates. If you do not understand the contents of this document, you should consult an authorized financial advisor.”



ANNEX 5

CONTENT OF A PROSPECTUS FOR OFFERING REAL ESTATE CONTRIBUTION CERTIFICATES

The Capital Market Institution that conducts the offer must provide the prospectus in Arabic language in a manner that is easy to understand for existing and potential certificate holders. The prospectus should contain all the information listed in this Annex in the same order.

Content of the Cover Page:

- a. Name of the real estate contribution and the license number issued by the Real Estate General Authority.
- b. Name of the licensee and the license number issued by the Real Estate General Authority.
- c. Name of the Capital Market Institution through which the offer will be made.
- d. The capital of real estate contribution.
- e. Names of investors of in-kind contributions and their percentage of the total capital of real estate contribution (if any).
- f. The total number of the Real Estate Contribution certificates.
- g. The offer price for each Real Estate Contribution certificate offered (in SAR).
- h. The total value of the offer (in SAR).
- i. The size of the reserve amount added to the capital of the Real Estate Contribution to meet any unforeseen additional expenses (if any).
- j. The offering's period.
- k. The minimum amount (if any) to be paid by each offeree;
- l. The duration of the real estate contribution.
- m. The cover page must contain a statement of disclaimer according to the following form:
“The Capital Market Authority has approved the offer of certificates of the real estate contribution. However, the Capital Market Authority does not guarantee its accuracy or completeness. It disclaims any liability for any loss arising from or incurred in reliance upon any part of this document. Prospective purchasers of the real estate contributions certificates offered hereby should conduct their own due diligence on the accuracy of the information relating to the offered certificates. If you do not understand the contents of this document, you should consult an authorized financial advisor.”
- n. Issue date of the real estate contribution's prospectus.
- o. A statement stressing the need to read the real estate contribution's investment risks.

Inside the Cover Page:

- 1) A description of the Real Estate Contribution's objectives and its investment objectives.
- 2) Real Estate Assets and their valuation.



- a) A description of the type of real estate assets that includes information on the deed(s) of ownership of the subject real estate(s).
- b) A detailed description of the following:
 - 1) Names of the accredited valuers who have valued the real estate contribution's assets.
 - 2) Cost of valuation for the assets to be invested in.
 - 3) Purchase price of the real estate assets.

3) Risk of Investing in the Real Estate Contribution:

- a) A description of the main risks related to investing in the real estate contribution.
- b) Notifying that investment in the real estate contribution does not guarantee profits or prevent losses.

4) Subscription:

- a) Providing sufficient information on the subscription, including subscription commencement and termination dates.
- b) Stating the minimum limit of subscription (if any).
- c) A statement that includes an undertaking by the Capital Market Institution of its commitment to the Law of Real Estate Ownership and Investment by Non-Saudis.

5) Fees, charges and commissions:

- a) This paragraph must include a disclosure of all fees and charges that will be incurred by the Real Estate Contribution in detail to clarify the amounts of fees and charges and their percentage from the capital of the Real Estate Contribution, with a statement of upper limit for all the charges and fees.
- b) A default table showing the ratio of Real Estate Contribution costs to the capital of the Real Estate Contribution, on the Real Estate Contribution and the certificate holders level, during the duration of the Real Estate Contribution, including the ratio of recurring and non-recurring costs.
- c) A declaration from the Licensee stating that the fees mentioned in this paragraph include all fees imposed on the Real Estate Contribution and that the Licensee shall incur any other fees not stated herein.

6) Transfer of Ownership of Real Estate Contribution Certificates:

- a) Description of the provisions governing the transfer of ownership of certificates to other investors and the procedure followed.
- b) A statement that the register shall be conclusive evidence of the ownership of the certificates entered.

7) The Capital Market Institution through which the offer is made:

- a) Name and address of the Capital Market Institution.
- b) Functions, duties, and responsibilities of Capital Market Institution.

8) The External Auditor:



- a) Name and address of the external auditor (registered with the Authority).
- b) Functions, duties, and responsibilities of external auditor.

9) Conflict of Interests

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

10) Licensee's Declaration

A declaration from the Licensee of compliance with the Real Estate Contribution Law and its Implementing Regulation.

11) Other Information

- A) The inclusion of any significant information known (or supposed to be known) to the Licensee at the time of publishing the Real Estate Contribution's prospectus.
- b) attach the real estate contribution agreement between the Licensee and the certificate holders for the purposes of real estate contribution.



ANNEX 6

CAPITAL MARKET INSTITUTION'S DECLARATION

[To be provided on the Capital Market Institution's letterhead]

To: The Capital Market Authority

We, _____ (*insert name of the “Capital Market Institution”*) (the Capital Market Institution), hereby confirm that we have been appointed by _____ (*insert name of the Licensee*) (the Licensee) to offer certificates of the Real Estate Contribution.

We further declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the Licensee has satisfied all the relevant conditions required for a public offering of Real Estate Contribution certificates and has submitted or will submit all the information and documentation required to be provided to the Authority under the Instructions for Offering Real Estate Contributions Certificates. In particular, we confirm that we have taken reasonable steps to ensure that members of the Licensee's governing body understand the nature and extent of their responsibilities under the Capital Market Law and its Implementing Regulations.

We hereby authorize the Authority to exchange any relevant information with the authorities, agencies, or bodies responsible for supervising financial services or other relevant authorities.

Signed on behalf of the Capital Market Institution: [the authorized officer]:

Name: _____

Signature: _____

Date: _____

[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose, and the Licensee shall retain the original copies (or, where appropriate, certified copies) for a period not less than 10 years. In the event of a lawsuit, claim (including any existing or potential action), or any ongoing investigation related to such documents, the Licensee shall retain such documents until the completion of such litigation, claim, or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].



ANNEX 7

LICENSEE'S DECLARATION

[To be provided on the Licensee's letterhead]

To: The Capital Market Authority

We, being _____ (*insert name of the licensee*), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in the offering documents to be used in advertising the offer is per the facts and has no omission likely to affect the integrity of such information and is fair, clear and not misleading.

We further declare that all the relevant conditions required for a public offering of Real Estate Contribution certificates have been satisfied and have submitted or will submit all the information and documentation required to be provided to the Authority under the Instructions for Offering Real Estate Contributions Certificates. In particular, we confirm that we understand the nature and extent of our responsibilities under the Capital Market Law and its Implementing Regulations.

We hereby authorize the Authority to exchange any relevant information with any authorities, agencies, or bodies responsible for supervising financial services or any other relevant authorities.

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose, and the Licensee shall retain the original copies (or, where appropriate, certified copies) for a period not less than 10 years. In the event of a lawsuit, claim (including any existing or potential action), or any ongoing investigation related to such documents, the Licensee shall retain such documents until the completion of such litigation, claim, or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].