

In the Name of Allah, The Beneficent, The Merciful

Date: 8th day of September 2015

FATWA WITH RESPECT TO THE CORPORATE REAL ESTATE IJARAH PRODUCT

We, the undersigned, the scholars composing the National Bank of Fujairah PSC – Islamic Finance Division (“the Bank”) Shariah Supervisory Board (“SSB”) have been presented with the below mentioned structure and documents pertaining to the Islamic Corporate Real Estate Ijarah Product (“Product”) for our Shariah review and approval.

The Product is based on the Shariah concept of “Al Ijarah Muntahiya Bi Al Tamleek”.

Product Structure 1

This product is for the purpose of ready/completed residential/commercial properties with a Shariah-compliant use / tenants like flats, office buildings, factories, warehouses, mixed use projects etc. To determine whether or not the tenants or the use of the respective properties are Shariah-compliant the properties / tenants shall be screened by the Bank in accordance with the screening methodology attached in **Appendix 1** hereto.

If the property passed the Shariah screening criteria as outlined in **Appendix 1** hereto, the Bank will purchase the completed property or the wholly owned property as desired by the Corporate Customer from a third party and the Corporate Customer will undertake to lease the property from the bank for a determined rental period. The property will then be legally transferred to the Corporate Customer at the end of the leasing tenure, upon undertaking by the bank to sell the property to the Corporate Customer at a nominal value and the Corporate Customer’s undertaking to purchase the same or upon early settlement by the Corporate Customer which the settlement price and fee shall be determined at that period of time. Throughout the leasing tenure, the Corporate Customer will be appointed by the Bank as its agent to perform all the maintenance and services required with respect to the property.

Product Structure 2 (Sale & Lease Back)



NBF Corporate Real Estate Ijarah Product


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In cases where the corporate customer already owns the property and wishes to refinance to same, NBF will first purchase the property from the corporate customer and then lease it to him/ her / it. In cases where it is not possible to transfer property in the name of NBF for administrative or taxation reasons, the corporate customer shall be permitted to keep the property in his/ her /its name via Title Nominee agreement. Furthermore, a Property Purchase Agreement will also be executed in these cases.

We have reviewed the following documents (“Documents”) in relation to the Product Structure 1 and Product Structure 2:

Islamic Home Finance Product based on the Shariah Contract of Al Ijarah Muntahiya Bi Al Tamleek:

- 1) Islamic Corporate Real Estate Finance Product Programme Guide received in September 2015 and all attachments thereto namely:
 - i. Offer letter
 - ii. Property Purchase Agreement (to be used only for refinance cases)
 - iii. Promise to Lease Agreement
 - iv. Ijarah Agreement
 - v. Sale Undertaking
 - vi. Purchase Undertaking
 - vii. Service Agency Agreement
 - viii. Assignment of Lease Agreement
 - ix. Title Nominee Declaration
 - x. Assignment of Leasehold Rights Agreement

Pursuant to our review of the above Documents and the Product Programme Guide, we are of the opinion that the Islamic Corporate Real Estate Ijarah Product is in compliance with Shariah principles.

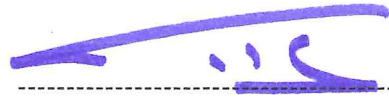


Allah Almighty knows best.




APPROVED BY:

Dr. Mohamed Ali Elgari (Chairman)



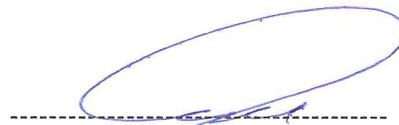
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Datuk Dr. Mohd Daud Bakar (Member)



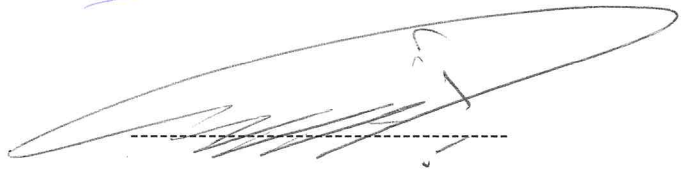
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Dr. Muhammad Amin Ali Qattan (Member)



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Dr. Osama Al- Dereai (Member)



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APPENDIX 1

SHARIAH-COMPLIANT FINANCING GUIDELINES FOR ISLAMIC PROPERTY FINANCING FOR NBF

1.1 Acquiring real estate assets with existing tenant

- a) Shariah-compliant assessments must be carried out by Amanie based on data and information provided by NBF to assess any property to be acquired by the Bank. The tenant(s) must operate permissible activities according to the Shariah. However, in the event that some of the tenants are found to operate non-permissible activities, Amanie must perform additional compliance assessments;
- b) NBF must tabulate rental from all Shariah non-permissible activities operating in the property to be acquired by NBF. The list of Shariah non-activities, is follows;
 1. Financial services based on riba (interest);
 2. Gambling/gaming;
 3. Manufacture or sale of non-halal products or related products;
 4. Conventional insurance;
 5. Entertainment activities that are non-permissible according to the Shariah;
 6. Manufacture or sale of tobacco-based products or related products;
 7. Stockbroking or share trading in Shariah non-compliant securities; and
 8. Hotels and resorts
 9. Any other activities deemed non-compliant by NBF's Shariah Supervisory Board
- c) Subsequently, the total rental from Shariah non-permissible activities will be compared to the total turnover of the target property (latest financial year) to obtain the percentage of Shariah non-permissible rental income from non-permissible activities;
- d) Should the percentage of non-Shariah permissible rental income be more than 5% of the total rental income for the property, the Amanie shall advise NBF not to finance the said real estate; and
- e) However, NBF is not permitted to finance real estate, for example, a building, in which all the tenants operate non-permissible activities, even if the percentage of Shariah non-

permissible rental income from that building to the total rental income of the target property is still below the benchmark 5%.

1.2 Renting out real estate to a new tenant(s)

(a) Amanie must advise NBF not to accept a new tenant(s) whose activities are fully non-permissible.

2. INSURANCE / TAKAFUL

2.1 NBF must use the Takaful schemes to insure its real estate. If the Takaful schemes are unable to provide the insurance coverage, then NBF is permitted (on an exceptional basis) to use the conventional insurance schemes.

