

Date of issuance: 18 March 2021

# Product Highlights Sheet

## Principal Islamic USA Property Fund

### Responsibility Statement

This Product Highlights Sheet (“PHS”) has been reviewed by the authorised committee approved by the board of directors of Principal Islamic Asset Management Sdn. Bhd. (“Principal Islamic Malaysia”). Having made all reasonable inquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements or omissions of other facts which would make any statement in this PHS false or misleading.

### Statement of Disclaimer

The relevant information and document in relation to the Fund, including a copy of this PHS has been lodged with the Securities Commission Malaysia under the Lodge and Launch Framework.

The lodgement of the relevant information and document in relation to the Fund, including this PHS, should not be taken to indicate that the Securities Commission Malaysia recommends the Fund or assumes responsibility for the correctness of any statement made or opinion or report expressed in this PHS.

The Securities Commission Malaysia is not liable for any non-disclosure on the part of Principal Islamic Malaysia’s responsibility for the Fund and takes no responsibility for the contents of this PHS. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this PHS, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

### The Manager

Principal Islamic Malaysia obtained its license to operate as an Islamic Fund Management Company in August 2009 from the Securities Commission Malaysia. Principal Islamic Malaysia is one of the first companies in the industry to be awarded an Islamic fund management license by the Securities Commission Malaysia. Headquartered in Kuala Lumpur, Principal Islamic Malaysia is strategically located in the world’s first country with a complete Islamic financial system operating in parallel to the conventional banking system. This allows the firm to leverage on Malaysia’s comprehensive Islamic financial infrastructure and its adopted global regulatory, legal and Shariah best practices.

**This Product Highlights Sheet only highlights the key features and risks of this unlisted capital market product. You are advised to read this Product Highlights Sheet together with the Fund’s Information Memorandum dated 18 March 2021 and its supplementary (if any). You are advised to request, read and understand the Information Memorandum before deciding to invest.**

## Brief Information on Principal Islamic USA Property Fund

Principal Islamic USA Property Fund is a Wholesale Fund issued by Principal Islamic Malaysia. The Fund seeks to provide income by long term yield-oriented indirect investments in apartment buildings in the USA, through Murabahah transactions (on the basis of Wakalah), catered to the middle-income working-class population, while conforming to Shariah principles.

This is neither a capital protected fund nor a capital guaranteed fund.

### Product Suitability

The Fund best suits you if you:

- are a Sophisticated Investor;
- want an investment primarily in foreign real estates that comply with Shariah principles;
- are seeking USD-based Shariah-compliant investments; and
- have an investment horizon of ten (10) years.

### Key Product Features

<b>Fund category/type</b>	Wholesale Fund (Real estate - Shariah-compliant)/ Income.
<b>Base currency</b>	USD.
<b>Investment objective and strategy</b>	<p>The Fund will invest up to 100% of its NAV indirectly in the Real Estate Portfolio through commodity Murabahah transactions (on the basis of Wakalah). The characteristic of the underlying investment of the Real Estate Portfolio includes:</p> <p>(a) apartment buildings in the USA catered to the middle-income working-class population;</p> <p>(b) primarily apartment buildings that are located in suburban areas of the USA which have positive employment trends, and/or show favourable supply and demand fundamentals allowing satisfactory risk adjusted returns;</p> <p>(c) where the market rent is affordable for individuals or families that earn between 75-105% of the US Median Household Income within a 3-mile radius of the property; and/or</p> <p>(d) an apartment building is considered affordable if the rent obligation represents 20-35% of the resident's gross income.</p> <p>On select properties, the strategy may be to provide certain interior or exterior enhancement to the property to achieve a higher rental rate and enhance the overall return profile.</p> <p><b>Asset allocation</b></p> <p>Up to 100% of the Fund's NAV will be invested indirectly in the Real Estate Portfolio through commodity Murabahah transactions (on the basis of Wakalah). Minimum cash at bank will be maintained to operate the Fund's expenses.</p>
<b>Initial offer date</b>	18 March 2021 (or such other date as may be determined by the Manager).
<b>Target size</b>	USD 200,000,000 (or such other amount as may be determined by the Manager)
<b>Offer period</b>	6 months from the Initial Offer Date. The Manager shall have the discretion to extend this period as it may determine from time to time.
<b>Initial offer price</b>	USD 1.00
<b>Final closing date</b>	The last date of the Offer Period.
<b>Investment period</b>	2 years from the Final Closing Date (or such other period as may be determined by the Manager) during which the Manager is permitted to make Capital Calls.
<b>Maturity date</b>	10 <sup>th</sup> anniversary of the Final Closing Date. The Maturity Date may be extended by an additional period of 1 year by way of a Special Resolution.
<b>Financial year-end</b>	31 August.
<b>Distribution policy</b>	Quarterly, depending on the availability of realised income and/or realised gains and at the Manager's discretion. The Manager has the right to make provisions for reserves in respect of distributions.
<b>Manager</b>	Principal Islamic Asset Management Sdn. Bhd.
<b>Property Asset Manager</b>	Principal Real Estate Investors LLC ("PrinREI")
<b>Trustee</b>	HSBC (Malaysia) Trustee Berhad
<b>Shariah Adviser</b>	Amanie Advisors Sdn. Bhd.

## Key Risks

General risks of investing in a fund	
<b>Returns not guaranteed</b>	The investment of the Fund is subject to market fluctuations and its inherent risk. There is <b>NO GUARANTEE</b> on the investment which includes Unit Holder's investment capital and returns, nor any assurance that the Fund's investment objective will be achieved.
<b>Market risk</b>	Market risk refers to the possibility that an investment will lose value because of a general decline in financial markets, due to economic, political and/or other factors, which will result in a decline in the Fund's NAV.
<b>Inflation risk</b>	This is the risk that Unit Holder's investment in the Fund may not grow or generate income at a rate that keeps pace with inflation. This would reduce Unit Holder's purchasing power even though the value of the investment in monetary terms has increased.
<b>Manager risk</b>	This risk refers to the day-to-day management of the Fund by the Manager which will impact the performance of the Fund. For example, investment decisions undertaken by the Manager, as a result of an incorrect view of the market or any non-compliance with internal policies, investment mandate, the Deed, relevant law or guidelines due to factors such as human error or weaknesses in operational process and systems, may adversely affect the performance of the Fund.
<b>Financing risk</b>	This risk occurs when you obtain financing to finance your investment. The inherent risk of investing with money obtained from financing includes you being unable to service the financing payments. In the event units are used as collateral, you may be required to top-up your existing instalment if the price of units fall below a certain level due to market conditions. In addition, investment in the Fund is illiquid and committed for the long term and may not be redeemed during the life of the Fund towards settling the financing. Please refer to <b>Redemption risk; restrictions on transfer</b> risk below.
Specific risks relating to the properties	
<b>Country/geographical concentration risk</b>	The properties will all be located in the USA. Accordingly, the Fund is exposed to the risks associated with the geographical concentration of the properties. The Fund's investment may be affected by changes in the economic and political climate and other legal, tax, or regulatory developments in the USA. For example, deteriorating economic condition in the USA may adversely affect the value of the real estate portfolio. This in turn may cause the NAV of the Fund or price of units to fall.
<b>Risks relating to the property asset manager</b>	<p>The Manager will not be involved in the day-to-day management of the properties and is dependent on the Property Asset Manager for providing property asset management services. The Property Asset Manager may fail to provide adequate oversight of property management and maintenance services performed by third party service providers at each property, which may adversely affect the value of the properties and result in difficulty in securing new tenants, loss of existing tenants or lower rental rates. In addition, Principal Islamic Malaysia may have limited recourse against the Property Asset Manager for loss suffered as a result of acts or omissions by Property Managers or other third-party service providers.</p> <p>Further, there is no assurance that PrinREI will remain as the property asset manager of the Fund. In the event that PrinREI ceases to be eligible to act or is removed as the property asset manager of the Fund, the Manager may need to appoint another property asset management company, which may materially and adversely affect the Real Estate Portfolio and may ultimately result in the liquidation of the Fund. For the appointment of a replacement property asset manager of the Fund, the Manager has a robust due diligence process which includes evaluation and assessment of capability and eligibility in carrying out relevant duties as required in the Information Memorandum.</p>
<b>Risk relating to tenants</b>	The inability to secure tenants for the properties, loss of tenants, or inability of tenants to pay rent or breach of obligations under tenancy agreements may adversely affect the performance of the Fund. Units within the properties may remain vacant for a long period of time if tenants cannot be secured, and tenants may decide not to renew their tenancies. The ability of tenants to meet rental obligations may also be adversely affected by general economic conditions.
<b>Risk relating to amenities and transportation infrastructure</b>	There is no assurance that amenities, transportation infrastructure and public transportation near the properties will be completed or implemented as planned, or will not be closed, relocated, terminated or delayed. If any such an event were to occur, it could adversely impact the accessibility of the relevant property and the attractiveness and marketability of the relevant property to tenants, which may have an adverse impact on the demand and rental rates for the relevant property. Consequently, the ability of the Fund to make distributions to its Unit Holders may be adversely affected.

<b>Risk relating to due diligence on properties</b>	Reasonable due diligence will be conducted prior to acquisition of the properties. However, such due diligence may not reveal all breaches of laws or regulations or defects or deficiencies affecting the properties. There can be no assurance that the properties will not have inherent defects or deficiencies which will require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties. Statutory or contractual representations, warranties and indemnities given by sellers of the properties are unlikely to afford satisfactory protection from costs or liabilities arising from such property defects.
<b>Risk relating to capital expenditure on properties</b>	The properties may require significant capital expenditure. The Fund may not be able to fund capital improvements or obtain sufficient financing therefor on favourable terms or at all. It may not be possible to refurbish, renovate or improve the properties, which may adversely affect rental rates. The properties may also require unforeseen maintenance or repairs in respect of faults or problems that may develop or due to new laws or regulations. It may not be possible to collect rental on any affected space during rectification works.
<b>Risk relating to adequacy of insurance</b>	The insurance policies taken out in respect of the properties may not adequately cover all types of risk to the properties. Should an uninsured loss or loss in excess of insured amounts occur, the Fund could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future income from that property as the property may not be able to be rented out or sold. The insurance policies and terms of coverage will be subject to renewal and negotiations on a periodic basis and there is no assurance as to the nature and extent of coverage that will be available on commercially reasonable terms in the future.
<b>Risk relating to environmental matters</b>	Ownership of real estate is subject to risks associated with environmental contamination. Liability may arise in respect of environmental contamination at, or migrating from, the properties, including that created by prior owners or occupants, existing tenants, abutters or other persons. Various US federal and state laws impose liabilities upon property owners for any environmental damages arising at, or migrating from, properties they own. In some circumstances, applicable governmental authorities may impose a lien on a property if the governmental authority exercises its right to remedy an environmental condition on a property. The Fund may also have to incur expenses and make capital expenditures in order to comply with environmental laws.
<b>Risk of acts of God, natural disasters and other catastrophes</b>	Some of the properties may be located in areas susceptible to natural disasters. Severe weather conditions, natural disasters such as volcano eruptions, tsunamis, earthquakes, floods, landslides and other incidents such as outbreak of fire or other emergency risks could cause damage to the properties, which may not be covered by insurance.
<b>Risk of war, terrorist attacks, or increased hostilities</b>	Actual or threatened war, terrorist attacks, political unrest, increased hostilities and other acts of violence may cause damage to the properties, and the occurrence of any of these events could potentially lead to economic recession and may reduce overall demand for, or revenue from, the properties.
<b>Risk of compulsory acquisition</b>	In the US, federal, state and local governments and other public bodies, as well as certain quasi-public entities (such as railroads and public utility corporations), have the right to acquire real estate for public use upon payment of just compensation to the affected owner through the exercise of the power of eminent domain. Such compulsory acquisition, even if adequate consideration is paid, could have an adverse effect on revenue and the value of the Real Estate Portfolio.
<b>Risk relating to valuation of properties</b>	The purchase consideration paid for the properties are based on their appraised values. There can be no assurance that the assumptions relied on to derive the appraised values are accurate measures of the market, and the said values of the properties may be evaluated incorrectly. Property valuation in general involves using assumptions, estimates, subjective parameters and/or appropriate comparables.
<b>Risk relating to legal ownership of real properties</b>	The Fund does not have legal ownership of SPV 1, SPV 3, any Blocker LLC, any Property LLC nor any of the Real Estate Portfolio. The Fund only has a beneficial and contractual interest in the returns generated from the Real Estate Portfolio. Unit holders will not have a direct claim against the legal owner(s) of any of aforementioned entities nor any of the Real Estate Portfolio.
<b>Specific risks of the Fund</b>	
<b>Concentration risk</b>	The Fund's principal investment strategy of investing in a portfolio of residential real estate properties located in the USA will subject the Fund to risks inherent in concentrating in real estate. The level of risk could be higher as compared to other types of funds that have a more diverse range of investments in other sectors.
<b>Risk relating to sourcing of investments</b>	There is no assurance that the Fund will be able to find suitable investments. This may affect the ability to implement the Fund's investment strategy and the Fund may not be able to fully invest its Capital Commitments at acceptable prices. Even if the Fund is able to successfully acquire properties, there is no assurance that the acquired properties will achieve its intended return on such acquisitions or investments.

<b>Liquidity risk</b>	Private real estate investments are relatively illiquid and such illiquidity may affect the Fund's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. In the event of an economic downturn or in any other events, there is no assurance that the Fund will be able to sell the properties in a timely manner nor at a suitable price.
<b>Risk of default on Capital Calls</b>	Unit Holders may default on Capital Calls for various reasons, including circumstances that affect the economy generally or the Unit Holder individually. If a Unit Holder defaults, it may be subject to various remedies as provided under the Deed, including forfeiture of its interest in the Fund. In the event of such default, the Fund may be unable to make suitable investments in a timely manner or may be unable to pay its obligations when due, which may adversely affect the performance of the Fund. Further, this may have an impact on the number of properties that are to be purchased.
<b>Credit and default risks</b>	Investment in the Fund may involve a certain degree of credit and default risks. Generally, credit and default risks are the risks of loss due to a counterparty's failure to perform its obligations. We aim to mitigate this risk by undertaking a due diligence on such counterparties prior to the entering of any transaction.
<b>Currency risk</b>	The base currency of the Fund is USD. Unit Holders may have to convert MYR or other currencies into USD before making Capital Contributions. In addition, the revenue received from the properties will be in USD, and a portion may have to be converted into other currencies to settle fees and expenses related to the Fund. The value of USD against foreign currencies fluctuates and is affected by changes in the US and international political and economic conditions and by many other factors.
<b>Taxation risk</b>	<p>The structure of the Fund is intended to allow the Fund to operate in a manner that will not cause it to be treated as engaging in a US trade or business or cause Unit Holders to be subject to US federal income tax. However, there can be no assurance that the IRS will not successfully assert that the Fund is engaged in a US trade or business and thereby treat each Unit Holder as being engaged in a US trade or business. In such case, Unit Holders may be required to file a US federal income tax return and may be subject to US taxation.</p> <p>The structure of the Fund includes entities which are established in Malaysia (including Labuan), Singapore and U.S.. Governments in these countries may also in the future amend tax legislation or rules, regulations, guidelines and practice relating to taxation with either prospective or retroactive effect and this may affect the overall tax liabilities of the entities within the Fund structure and result in significant additional taxes becoming payable by such entities.</p>
<b>Legal and regulatory risks</b>	The Fund is constituted in Malaysia and the properties are located in the US. The laws, regulations (including tax laws and regulations) in Malaysia, Singapore and/or the US, and in particular laws in the US relating to real estate and corporations, and any other relevant jurisdictions are subject to change. New laws and regulations may also be introduced in these jurisdictions. There can be no assurance that these changes will not have a significant impact on the Fund's operations. In addition, such changes may adversely affect the ability of the Fund to make distributions to Unit Holders.
<b>Risks relating to the COVID-19 pandemic</b>	The ongoing COVID-19 pandemic, and the measures to prevent its spread, may adversely affect the performance of the Fund. The pandemic has resulted in lockdowns, quarantines, travel restrictions, and a general decline in economy activity. This may affect occupancy levels and rental rates. Tenants may experience deteriorating financial conditions and may be unwilling or unable to pay rent in full on a timely basis. The ability to collect rent or enforce remedies for failure to pay rent may also be affected by local, state or federal government initiatives. Access to capital and other sources of funding may become constrained and availability and terms of future financing may be adversely affected. The extent of the COVID-19 pandemic's effect on the performance of the Fund will depend on future developments, including duration, spread and intensity of the outbreak, and possible future outbreaks, all of which are uncertain and difficult to predict.
<b>Redemption risk; restrictions on transfer</b>	<p>Investment in the Fund is illiquid and committed for the long term and may not be redeemed during the life of the Fund. There is no public market for units of the Fund and none is expected to develop. There is also no, nor is there likely to be, any established secondary market for units of the Fund. Unit Holders may only transfer their units to another eligible Sophisticated Investor with the prior written consent of the Manager and subject to such terms and conditions stipulated in the Deed. An investment in the Fund is only appropriate for persons who do not have a need for liquidity in respect of any amounts invested in the Fund.</p> <p>Unit holders will not be able to redeem units and will only receive returns on the Maturity Date. The tenure of the Fund is 10 years and may be extended by an additional period of 1 year by way of a Special Resolution.</p>
<b>Contractual risk</b>	There is a risk that the Murabahah agreement and/or the Musawamah agreement is found to be Shariah non-compliant and/or invalid and unenforceable, with respect to the terms therein or their execution, by an arbitration tribunal or a court of law, in particular if the arbitrator or court is not familiar with Islamic financial transactions and instruments.

<b>Shariah risk</b>	<p>This risk refers to the management of the Fund by the Manager and the supervision and guidance provided by the Shariah Adviser to ensure that the Fund remains Shariah-compliant. The Manager may fail to observe the guidelines for management of the Fund as agreed with the Shariah Adviser. A view expressed by the Shariah Adviser with respect to certain investments may not be accepted as Shariah compliant and may not be accepted by the Sophisticated Investors who may require extraneous steps to be taken, for example, to reverse such investments.</p> <p>Further, there is no assurance that Amanie Advisors Sdn Bhd will remain as the Shariah Adviser of the Fund. In the event that Amanie Advisors Sdn Bhd ceases to be eligible to act or is removed as the Shariah Adviser of the Fund, the Manager may need to appoint another Shariah adviser, which may have a different Shariah view and find the investments to be Shariah non-compliant.</p>
<b>Risk of reliance on the third-party Commodity Supplier, the Commodity Buyer and the Bursa Suq al-Sila'</b>	<p>There is the risk that the Commodity Supplier and/or the Commodity Buyer are not able to carry out their functions or trades at the critical time(s) when the Commodities are being purchased or sold, which may cause the Islamic Funding Arrangements to fail.</p> <p>There is also the risk that the Bursa Suq al-Sila is not operating at the critical time(s) where the Commodities are being purchased or sold, and a suitable independent commodity trading platform cannot be found, which may cause the Islamic Funding Arrangements to fail.</p>
<b>Specific risks relating to the US Structure</b>	
<b>Leverage risk; Interest rate risk or profit rate risk</b>	<p>The Blocker LLCs and/or Property LLCs may obtain financing for liquidity reasons, including facilitating the making of investments pending receipt of Capital Contributions from Unit Holders. In using leverage, there is a risk that capital losses will exceed the net assets of the Fund. The availability of credit may be limited and financing costs may increase, in coming years. Lenders may also withdraw funding and require onerous financing covenants.</p> <p>As the entities in the US Structure intend to use leverage, an increase in interest rates could increase interest expense or profit rates and adversely affect such entities' ability to service indebtedness and to make distributions, which will ultimately adversely affect distributions to the Fund.</p>
<b>Legal and regulatory risks</b>	<p>Legal and regulatory (including taxation) changes could adversely affect the US Structure. Regulation (including taxation) of investment vehicles, such as those forming part of the US Structure, is subject to change. The effect of any future legal or regulatory (including taxation) change is difficult to predict, but could be substantial and have a significant impact on the US Structure which may adversely affect the operations of the US Structure, the tax efficiencies of the US Structure and ultimately, will have an adverse effect on the returns of the Fund to Unit Holders.</p>
<b>Eligibility of Unit Holders</b>	<p>The tax efficiencies of the U.S. Structure are premised on the Fund being eligible for the "portfolio interest" exemption discussed in section 4 of the Information Memorandum. For this reason, no Unit Holder may hold (or may be treated as holding under certain U.S. attribution rules) more than 50% of the beneficial interest of the Fund. In the event that any Unit Holder, for any reason whatsoever, holds (or is treated as holding) more than 50% of the beneficial interest of the Fund, such tax efficiencies may be severely affected, which ultimately could have an adverse effect on the returns of the Fund to Unit Holders. For this reason, the Fund has initially prohibited each Unit Holder from holding more than 40% of the beneficial interest of the Fund.</p>

## Fees and Charges

<b>Application Fee</b>	Nil.
<b>Management Fee</b>	Up to 0.3% per annum of the NAV of the Fund.
<b>Property Asset Management Fee</b>	Up to 0.7% per annum of the NAV of the Fund.
<b>Trustee Fee</b>	Up to 0.03% per annum of the NAV of the Fund.
<b>Other charges payable directly by you when purchasing units</b>	Any applicable bank charges and other bank fees incurred as a result of an investment will be borne by you.
<b>Other expenses</b>	Only direct expenses related to the Fund can be charged to the Fund. Examples of relevant expenses are audit fee and tax agent's fee. Indirect expenses will be incurred at the level of the other entities within the Fund structure.

**Note:** All fees and charges payable by you and/or the Fund are subject to any applicable taxes and/or duties as may be imposed by the government or other authorities (if any) from time to time. As a result of changes in any rule, regulation, directive, notice and/or law issued by the government or relevant authority, there may be additional cost to the fees, expenses, charges and/or taxes payable to and/or by the Fund or you.



## Transaction Information

<b>Minimum investment</b>	USD 10,000,000 or such other amount as we may decide from time to time.
<b>Transfer</b>	We may, at our absolute discretion, allow or refuse Unit Holders to transfer their units to another eligible Sophisticated Investor subject to such terms and conditions as may be stipulated in the Deed.

**YOU SHOULD NOT MAKE PAYMENT IN CASH TO A UNIT TRUST SCHEME CONSULTANT/EMPLOYEE OF PRINCIPAL ISLAMIC MALAYSIA OR ISSUE A CHEQUE IN THE NAME OF A UNIT TRUST SCHEME CONSULTANT/EMPLOYEE OF PRINCIPAL ISLAMIC MALAYSIA WHEN PURCHASING UNIT TRUST FUND.**

## Valuations

The Manager will carry out the valuation of the Fund in a fair manner.

The Real Estate Portfolio shall be valued by an independent qualified valuer annually. The valuations will be performed towards the fourth quarter of each year. Upon the relevant Property LLC acquiring a new real property, the new property shall be valued at the acquisition cost plus capital expenditures less liabilities (no third-party valuation is required prior to the closing of the new acquisition) and the new acquisition will join the annual valuation cycle in the following year. In the event there is a diminution of the net operating income at a property on an annualized basis that is greater than 20% as compared to the net operating income as at the most recent third-party valuation, then a new independent valuation by a qualified valuer shall be obtained.

Please refer to the “Unit Pricing” section of the Information Memorandum for more information.

## Contact for Further Information / Complaint

- (i) You may contact our Institutional and International Sales at (03) 2084 8888 for further information or for any dispute resolution. Our Institutional and International Sales is available between 8:45 a.m. and 5:45 p.m. (Malaysian time) on Mondays to Thursdays and between 8:45 a.m. to 4:45 p.m. (Malaysian time) on Fridays (except on Selangor public holidays) or you can e-mail us at [enquiries.principalislamic@principal.com.my](mailto:enquiries.principalislamic@principal.com.my).
- (ii) Alternatively, you may also contact:
- (a) If you are dissatisfied with the outcome of the dispute resolution process with us, please refer your dispute to Securities Industries Dispute Resolution Center (SIDREC):
- via phone to : 03-2282 2280
  - via fax to : 03-2282 3855
  - via e-mail to : [info@sidrec.com.my](mailto:info@sidrec.com.my)
  - via letter to : Securities Industry Dispute Resolution Center (SIDREC)  
Unit A-9-1, Level 9, Tower A, Menara UOA Bangsar  
No.5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur
- (b) You can also direct your complaint to the SC even if you have initiated a dispute resolution process with SIDREC. To make a complaint, please contact the SC's Consumer & Investor Office:
- via phone to Aduan Hotline at : 03-6204 8999
  - via fax to : 03-6204 8991
  - via e-mail to : [aduan@seccom.com.my](mailto:aduan@seccom.com.my)
  - via online complaint form available at [www.sc.com.my](http://www.sc.com.my)
  - via letter to : Consumer & Investor Office  
Securities Commission Malaysia  
No 3 Persiaran Bukit Kiara, Bukit Kiara, 50490 Kuala Lumpur
- (c) Federation of Investment Managers Malaysia's Complaints Bureau:
- via phone to : 03-2092 3800
  - via fax to : 03-2093 2700
  - via e-mail to : [complaints@fimm.com.my](mailto:complaints@fimm.com.my)
  - via online complaint form available at [www.fimm.com.my](http://www.fimm.com.my)
  - via letter to : Legal, Secretarial & Regulatory Affairs  
Federation of Investment Managers Malaysia  
19-06-1, 6th Floor, Wisma Tune  
No. 19, Lorong Dungun Damansara Heights, 50490 Kuala Lumpur

## Appendix: Glossary

Blocker LLC	- A Delaware limited liability company, of which SPV 3 will own 95% of the value and SPV 2 will own 5% of the value and 100% of the voting power.
Business Day	- Mondays to Fridays when banks in Kuala Lumpur, Malaysia are open for business. <b>Note:</b> <i>The Manager reserves the right to declare any day to not be a Business Day. This information will be communicated to you via our website at <a href="http://www.principalislamic.com">www.principalislamic.com</a>. Alternatively, you may contact our Institutional and International Sales at (603) 2084 8888.</i>
Capital Call	- A call made by the Manager for Capital Contribution to be made by a Unit Holder pursuant to a Capital Call Notice.
Capital Call Notice	- A notice issued by the Manager to a Unit Holder to make a Capital Contribution to the Fund.
Capital Commitment	- In respect of each Unit Holder, the amount of such Unit Holder's commitment to make Capital Contribution to the Fund as set forth in such document (the form and content of which to be determined by us) and as accepted by us and, where applicable, any increase of such amount agreed.
Capital Contribution	- In respect of each Unit Holder, the amount contributed by such Unit Holder to the Fund pursuant to a single Capital Call Notice or the aggregate capital contributed, as the context may require.
Commodities	- Any Shariah-compliant commodity being either non-precious metals (excluding gold and silver), or other commodities traded on the Bursa Suq Al-Sila' or such other commodities trading platform, as approved by the Shariah Adviser.
Deed	- The principal and all supplemental deeds in respect of the Fund made between the Manager and the Trustee, in which Unit Holders agree to be bound by the provisions of the Deed.
Final Closing Date	- The last date of the Offer Period, being the last day on which the Manager accepts subscriptions for units of the Fund.
Fund	- Principal Islamic USA Property Fund.
Information Memorandum	- The Information Memorandum dated 18 March 2021 in respect of the Fund and includes any addendum and/or supplemental to the Information Memorandum or replacement Information Memorandum, as the case may be.
Initial Offer Date	- 18 March 2021 (or such other date as may be determined by the Manager), being the first day on which the Manager accepts subscriptions for units of the Fund.
Islamic Funding Arrangements	- The Islamic funding arrangements as described in section 3.1 of the Information Memorandum.
Management Fee	- A percentage of the NAV of the Fund that is paid to the Manager for managing the Fund.
Manager or Principal Islamic Malaysia	- Principal Islamic Asset Management Sdn. Bhd.
Maturity Date	- The date on which the Fund automatically terminates, which shall be the 10th anniversary of the Final Closing Date. The Maturity Date may be extended by one additional period of 1 year by way of a Special Resolution.
Murabahah Agreement	- The Commodity Murabahah Agreement entered into between the Trustee (in its capacity as trustee of the Fund) and SPV 1 for the purchase and sale of the Commodities, the proceeds of which are to be invested by SPV 1 into SPV 3 for indirect investment into the Real Estate Portfolio.
Musawamah Agreement	- The Commodity Musawamah Agreement entered into between the Trustee (in its capacity as trustee of the Fund) and SPV 1 for the purchase and sale of the Commodities to capture any shortfalls in, or any realizations in excess of the aggregate Murabahah Sale Prices due to the Trustee, which are indirectly attributable to the actual realizations made from the Real Estate Portfolio.
MYR	- Malaysian Ringgit.
NAV	- Net Asset Value.
NAV of the Fund	- The NAV of the Fund is the value of all the Fund's assets less the value of all the Fund's liabilities, at the valuation point.
NAV per Unit	- The NAV attributable to a unit divided by the number of units in circulation for the Fund, at the valuation point.
Offer Period	- A period of 6 months from the Initial Offer Date during which the Manager will accept subscriptions for units of the Fund. The Manager shall have the discretion to extend this period as it may determine from time to time.
Product Highlights Sheet or PHS	- This product highlights sheet issued by the Manager that contains clear and concise information of the salient features of the Fund and includes any addendum and/or supplemental to the Product Highlights Sheet or replacement Product Highlights Sheet, as the case may be.
Property LLC	- A Delaware limited liability company, which will be 100% owned by a Blocker LLC.
Real Estate Portfolio	- All real estate property owned by all Property LLCs at any such relevant time.
Shariah Adviser	- Amanie Advisors Sdn. Bhd.



Sophisticated Investor	<ul style="list-style-type: none"> <li>- Refers to investors as we determine as qualified or eligible to invest in the Fund and that fulfil any laws, rules, regulation, restrictions or requirements imposed by the respective country's regulators where the Fund is open for sale. For investors in Malaysia, this refers to any person who falls within any of the categories of investors set out in Part 1, Schedule 6 and 7 of the Capital Markets and Services Act 2007.</li> </ul> <p>In addition, the investors will have to meet the requirements stated in Section 5.4 of the Information Memorandum.</p> <p><b>Note:</b> For more information, please refer to our website at <a href="http://www.principalislamic.com">www.principalislamic.com</a> for the current excerpts of Part 1, Schedules 6 and 7 of the Capital Markets and Services Act 2007.</p>
Special Resolution	<ul style="list-style-type: none"> <li>- A resolution passed by a majority of not less than three-fourth (3/4) of Unit Holders voting at a meeting of Unit Holders duly convened and held in accordance with the provisions of the Deed. For the purpose of terminating or winding up the Fund, a Special Resolution is passed by a majority in number representing at least three-fourth (3/4) of the value of the units held by Unit Holders voting at a meeting of Unit Holders duly convened and held in accordance with the provisions of the Deed.</li> </ul>
SPV 1	<ul style="list-style-type: none"> <li>- A Singapore private company limited by shares which is 100% owned by a Labuan purpose trust.</li> </ul>
SPV 2	<ul style="list-style-type: none"> <li>- A private company limited by shares which is associated with the Principal Financial Group.</li> </ul>
SPV 3	<ul style="list-style-type: none"> <li>- A Delaware limited liability company, which will be 100% owned by SPV 1.</li> </ul>
Trustee Fee	<ul style="list-style-type: none"> <li>- A percentage of the NAV of the Fund that is paid to the Trustee for its services rendered as trustee for the Fund.</li> </ul>
Unit Holder	<ul style="list-style-type: none"> <li>- The registered holder for the time being of a unit of the Fund.</li> </ul>
U.S., US or USA	<ul style="list-style-type: none"> <li>- United States of America.</li> </ul>
USD	<ul style="list-style-type: none"> <li>- United States Dollar.</li> </ul>
US Structure	<ul style="list-style-type: none"> <li>- Collectively SPV 3, Blocker LLC and Property LLC that hold and/ or control the USA real estate investments.</li> </ul>
Wakalah	<ul style="list-style-type: none"> <li>- A contract whereby a party, as the principal authorizes another party as his agent to perform a particular task on matters that may be delegated, with or without payment of a fee.</li> </ul>
Wholesale Fund	<ul style="list-style-type: none"> <li>- A unit trust scheme established in Malaysia where the units are to be issued, offered for subscription or purchase, or for which invitations to subscribe for or purchase the units are to be made, exclusively to Sophisticated Investors.</li> </ul>

**Note:** Unless the context otherwise requires,

- words importing the singular number should include the plural number and vice versa;
- words importing one gender should include all genders;
- any action or obligation which is required or falls to be done on a stipulated day, shall be done on the next succeeding Business Day, if that action or obligation is required or falls to be done on a day which is not a Business Day;
- unless otherwise indicated, any reference in this PHS to any rules, regulations, guidelines, standards, directives, notices, legislation or statutes shall be reference to those rules, regulations, guidelines, standards, directives, notices, legislations or statutes for the time being in force, as may be amended, varied, modified, updated, superseded and/or re-enacted, from time to time;
- any reference to a time, day or date in this PHS shall be a reference to that time, day or date in Malaysia, unless otherwise stated. Reference to "days" in this Information Memorandum will be taken to mean calendar days unless otherwise stated; and
- all references to currency amounts and unit prices in this Information Memorandum are in USD unless otherwise indicated.

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