Meethaq Islamic Banking
(BANK MUSCAT S.A.O.G)

AND

Mr. / Ms. .....

DIMINISHING MUSHARAKA AGREEMENT

Initials of Persons signing on behalf of the Bank	Initials of Persons signing on behalf of the Customer

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THIS DIMINISHING MUSHARAKAH AGREEMENT (the **Agreement"**) is made on this day ..... day of ..... by and between:

1. **Meethaq Islamic Banking, an Islamic window of Bank Muscat S.A.O.G.,** a public joint stock company incorporated in the Sultanate of Oman, under commercial registration number 1145738, being a financial institution licensed and regulated by the Central Bank of Oman and Capital Market Authority, whose Head Office is at Building Number 120/4, Block Number 311, Street Number 62, Airport Heights, Muscat, Sultanate of Oman (the **"Bank"**), and

2. ....., a ..... national, holding identity card number ....., resident at ....., with its postal address being P.O. box ....., P.C. ....., Sultanate of Oman **the "Customer"**), and

3. ....., a ..... national, holding identity card number ....., resident at ....., with its postal address being P.O. box ....., P.C. ....., Sultanate of Oman **the "Customer"**), and

4. ....., a ..... national, holding identity card number ....., resident at ....., with its postal address being P.O. box ....., P.C. ....., Sultanate of Oman **the "Customer"**), and

(each a **"Party"** together the **"Parties"**).

RECITALS

WHEREAS,

A. At the request of the Customer, the Parties have agreed to enter into a Shariah-compliant diminishing partnership (the **"Musharakah"**) to purchase and/or construct the asset(s) described in Appendix (A) (the **"Musharakah Property"**) on a joint ownership basis on the terms and subject to the conditions set out in this Agreement;

B. the Customer has also agreed to issue a Purchase Undertaking in favour of the Bank on the terms and subject to the conditions of which the Customer shall periodically purchase the Bank's Musharakah Share, until such time that the Customer has purchased all of the Bank's Musharakah Share and the Customer shall then become the sole legal and beneficial owner of the Musharaka Property; and

C. the Bank wishes to enter into the Musharakah with the Customer on the terms and subject to the conditions as set out hereinafter.

THEREFORE, IT IS HEREBY AGREED BETWEEN THE PARTIES as follows:

AGREEMENT

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, the following terms and phrases shall have the meanings assigned to them hereunder:

"Applicable Law" shall mean any statute, law, regulation, ordinance, rule, judgement, order, decree, by-law, approval from Competent Authority, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any Competent Authority having jurisdiction over the matter in question, whether in effect as of the date of this Agreement or thereafter;

"Approvals" means all consents, permits, authorisations and licenses required to be obtained from a Competent Authority;

"Bank's Musharakah Share" means the share of the Bank in the Musharakah as listed in Appendix B hereto;

"Banking Law" means the Banking Law of Oman RD 114/2000, as amended from time to time;

"Bankruptcy Law" means the Bankruptcy Law of Oman RD 53/2019, as amended from time to time;

"Business Day" means a day, other than a Friday, Saturday, a public holiday, on which banks are open for business in Oman;

"CBO" means the Central Bank of Oman;

"CCL" means the Companies Commercial Law of Oman RD 18/2019, as amended from time to time;

"Competent Authority" any unit of the State Administrative Apparatus (as defined by Royal Decree No 75/2020 and the branches and divisions related thereto which have been assigned with any jurisdiction in relation to any matter which is subject to this Agreement;

"Conditions Precedent" means the conditions precedent listed under Clause 3 hereunder;

"Construction/Renovation Agreement" means an agreement entered into between the Customer (in its capacity as a principal as well as on behalf of the Bank as agent) and a Contractor for the Construction/Renovation Works;

"Construction/Renovation Milestones" means the dates by which the different phases of the Construction / Renovation Works, must be completed in accordance with the Construction/Renovation Agreement;

"Construction/Renovation Works" means the construction and/or renovation services to be provided by the Contractor in relation to the Musharakah Property in accordance with and subject to the terms and conditions of the Construction/Renovation Agreement;

"Construction/Renovation Period" means the period provided for in the Construction/Renovation Agreement for completion of the Construction/Renovation Works by the Contractor;

"Contractor" means the entity employed by the Customer (acting for itself and the Bank) pursuant to the Construction/Renovation Agreement for execution of the Construction/ Renovation Works;

"CP Satisfaction Date" has the meaning given to it under Clause 3.2;

"Customer's Musharakah Share" means the share of the Customer in the Musharakah as listed in Appendix B hereto;

"Encumbrance" means any claim, lien, pledge, option, charge, security right or interest, deed of trust, mortgage, encroachment, building, or use restriction, conditional sales agreement, encumbrance or other right of third parties, whether voluntarily incurred or arising by operation of law, and includes, without limitation, any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof;

"Engineering Consultant" means the licensed professional firm or individual with whom the Customer (in its/his own personal capacity as a principal and as agent of the Bank) has entered into the Engineering Consultancy Agreement for the performance of the Engineering Consultancy Services;

"Engineering Consultancy Agreement" means the agreement entered into between the Customer (both in his own personal capacity and on behalf of the Bank), the Engineering Consultant and the Bank.

"Engineering Consultancy Services" means the engineering consultancy services to be provided by the Engineering Consultant pursuant to the terms of the Engineering Consultancy Agreement;

"Effective Date" means the date of execution of this Agreement by the Parties;

"Event of Default" means the occurrence of one or more of the events listed in Clause 14;

"Government" means the Government of Oman;

"Insurance Policies" has the meaning given to it under Clause 10.1;

"Material Adverse Effect" means a material adverse effect on (i) the business, assets, condition (financial or otherwise), operations, or prospects of the Customer, (ii) the integrity or value of the Musharakah Property; (iii) the ability of the Customer to perform its obligations under the Transaction Documents, or (iv) the validity or enforceability of any of the Transaction Documents or the rights or remedies of the Bank thereunder;

"Monthly Payment" shall mean the Rental Payment subject to any adjustments made in accordance with Schedule A to the Rental Agreement, in addition to such other amounts as may become due and payable pursuant to this Agreement and/or the Rental Agreement whether as supplemental rent or otherwise on a monthly basis;

"Musharakah" has the meaning given to it under Recital A;

"Musharakah Contribution" " means the in-kind or monetary contribution made by a Party in proportion to its Musharakah Share towards the acquisition [and construction] of the Musharakah Property;

"Musharakah Units" means the division of the Musharakah Share into equal units of value as given in Appendix B hereto;

"Musharakah Property" has the meaning given to it under Recital A;

"Musharakah Property Purchase Agreement" means the sale and purchase agreement entered into by the Customer with the seller of the Musharakah Property or the agreement entered into by the Customer with the Bank for the Bank to purchase from the Customer a share of ownership in the Musharakah Property corresponding to the Bank's Musharakah Share on the Effective Date;

"Musharakah Share" means the Bank's Musharakah Share and/or the Customer's Musharakah Share;

"Oman" has the meaning given to it under Recital A;

"Outstanding Amounts" means, at any given time, the total amounts that the Customer is obliged to pay to the Bank under this Agreement or other Transaction Documents, including any expenses and costs owed or which are reimbursable by the Customer to the Bank;

"Purchase Undertaking" means the undertaking issued by the Customer in favour of the Bank to purchase the Bank's Musharakah Units;

"Quotation for Construction" means the standard quotation for construction form to be used by the Customer in the preparation of the Construction/Renovation Agreement;

"RD" means a Royal Decree issued by the relevant Government authority in the Sultanate of Oman;

"Rental Payment" means the amount payable by the Customer to the Bank for the use and occupation of the Bank's Musharakah Share in the Musharakah Property in accordance with the terms and subject to the conditions of the Rental Agreement;

"Rental Agreement" means the agreement entered into by the Bank (as lessor) with the Customer (as lessee) for the leasing by the Customer of the Bank's Musharakah Share;

"Shariah-compliant Manner" means the Shariah framework and policy used by Meethaq as approved and endorsed by the Shari'a Supervisory Board (SSB);

"Sharia Supervisory Board" means the Sharia Supervisory Board of the Bank.

"Shirkat-ul-Milk" means the Shariah-compliant joint ownership of the Customer and the Bank in the Musharakah Property for the mere purpose of ownership. For the avoidance of doubt, this joint ownership implies no joint entitlement of the profit derived by each party from their respective shares in the underlying properties unless otherwise stated;

"Taxes" includes all present and future taxes (including but not limited to income tax, withholding tax and value-added tax), levies, imposts, duties, fees or charges of whatever nature together including without limitation property taxes and levies with delayed payment charges thereon and penalties in respect thereof and "Taxation" shall be construed accordingly;

"Term" means the term of this Agreement commencing from the CP Satisfaction Date (inclusive) for a period of _____ years ending on _____, or until premature termination of the Agreement in accordance with Clause 14 and 15 hereof;

"Total Loss" means the total loss or destruction of, or damage to the whole of the Musharakah Property or any event or occurrence that renders the whole of the Musharakah Property permanently unfit for any economic use and (but only after taking into consideration the proceeds of any takaful / insurances received by the Bank) the repair or remedial work in respect thereof is wholly uneconomical;

"Transaction Documents" means:

i. this Agreement;
ii. the Musharakah Units Purchase Agreement;
iii. the Rental Agreement;
iv. the Purchase Undertaking;
v. any other documents incorporated by reference,

each as amended, varied, supplemented, modified, or novated from time to time.

1.2 Interpretation

1.2.1 Clause headings are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

1.2.2 In this Agreement, unless the context otherwise requires, references to Clauses and Appendices are to be construed as references to the clauses of, and appendices to, this Agreement and references to this Agreement include its appendices; words importing the plural shall include the singular and vice versa and references to a person shall be construed as including references to an individual, firm, bank, corporation, unincorporated body of persons or any state or any agency thereof, as the case may be.

1.2.3 Words importing gender include the masculine and feminine.

1.2.4 The recitals set forth above are and for all purposes shall be interpreted as being an integral part and inseparable part of this Agreement.

1.2.5 The obligations specified herein shall be binding on the Customer and the Bank.

2 PURPOSE OF MUSHARAKAH

2.1 This Agreement sets out the terms and conditions upon and subject to which the Bank and the Customer have agreed to enter into the Musharakah.

2.2 The Bank has agreed to make its Musharakah Contribution following the CP Satisfaction Date in accordance with Appendix C on the basis of Sharikat-ul-Milk.

2.3 The Parties agree that the Musharakah Property entirely will be occupied and used by the Customer:
(a) for the purpose of residential activities against the Customer's payment of the Rental Payment; and
(b) in a legal and Shariah-compliant Manner.

2.4 The Customer undertakes to purchase the Bank's Musharakah Share from time to time as per the terms of the Transaction Documents including, the Purchase Undertaking and the Rental Agreement.

2.5 For the avoidance of doubt, if the payment date is not a Business Day, the payment will be made on the first Business Day which immediately follows the original payment date.

3 CONDITIONS PRECEDENT

3.1 The Customer agrees that the obligation of the Bank to provide the Musharakah Contribution is conditional upon satisfaction of all the following Conditions Precedent:

(a) submission by the Customer to the Bank of the duly-executed Transaction Documents and any security documents;

(b) payment by the Customer of all duties, fees, commissions, expenses required to be paid by the Customer to the Bank;

(c) submission by the Customer to the Bank of all Approvals as may reasonably be requested by the Bank in relation to the Transaction Documents or their implementation;

(d) submission by the Customer to the Bank of any other documents or information as may be required by the Bank in its sole discretion;

(e) submission by the Customer to the Bank of a valuation report with respect to the Musharakah Property issued by a licensed valuator acceptable to the Bank;

(f) [submission by the Customer to the Bank of Performance Payment Certificate **("PPC")** issued by an authorized representative of the [Customer/Contractor].

3.2 The Customer shall satisfy the Conditions Precedents within thirty (30) days from the Effective Date, following which, within three (3) Business Days thereof, the Bank shall confirm its satisfaction with the Conditions Precedent having been met in writing, unless such period is extended by the Bank in writing (the **"CP Satisfaction Date"**).

1 This CP is only to be retained in case there is phased disbursement of the funds

3.3 For the avoidance of doubt, where a Condition Precedent relates to the submission of a document by the Customer to the Bank, the same must be in a form and substance satisfactory to the Bank in its sole discretion.

3.4 The Bank may, acting in its sole discretion, waive in writing any or all of the Condition Precedents upon the Customer's written request. While any requests made by the Customer shall be considered by the Bank, the Bank does not confirm or guarantee in any way that the Bank's approval shall be granted to waive any or all of the Condition Precedents.

3.5 Completion (or waiver, as the case may be) of the Condition Precedents on the CP Satisfaction Date shall give effect to the Bank's obligation to make its Musharakah Contribution by way of wire transfer to the Customer's designated account with the Bank within three (3) days from the CP Satisfaction Date.

3.6 Failure by the Customer to satisfy the Conditions Precedent within the relevant period shall, unless agreed otherwise in writing by the Parties prior to expiry of such period, result in automatic termination of this Agreement, without prejudice to the Bank's rights under this Agreement or Applicable Law.

4 CONSTRUCTION AND RENOVATION OF MUSHARAKAH PROPERTY

4.1 In case any Construction/Renovation Works are to be performed upon the Musharakah Property in accordance with the terms and conditions of the Transaction Documents, the Clauses attached hereto as Appendix D shall apply and constitute an integral and inseparable part of this Agreement.

5 USE OF THE MUSHARAKAH PROPERTY AND LEASE OF BANK'S MUSHARAKAH SHARE

5.1 The Customer shall have the exclusive right to use and occupy the Musharakah Property in a legal and Shariah-compliant Manner. Where the Musharakah Property is subject to Construction/Renovation Works, such "use" and "occupation" of the Musharakah Property by the Customer shall, for the avoidance of doubt, include any construction or renovation of the Musharakah Property by the Customer.

5.2 The Customer undertakes not to use the Musharakah Property or occupy it in a manner that breaches or would threaten to breach the principles and rules of Shariah and/or the provisions of the Applicable Law.

5.3 The Customer shall rent from the Bank the Bank's Musharakah Share and make Rental Payments on the terms of the Rental Agreement.

6 FEES AND EXPENSES

6.1 The Customer shall pay all stamp, documentary, registration and other duties and Taxes imposed on, or which arise in connection with, any agreement, conveyance deed or other document executed in respect of the purchase of the Musharakah Property and the Bank shall not be liable in any manner in respect of such stamp duty, registration and other duties and Taxes and costs associated with fees for services of lawyers, brokers in purchasing the Musharakah Property.

7 PAYMENT AND CHARITABLE CONTRIBUTION

7.1 All payments to be made by the Customer under this Agreement and other Transaction Documents shall be made fully and in free and clear funds, without any set off, netting, deduction, counterclaim or withholding of whatsoever nature, unless agreed otherwise in writing by the Parties on a case-by-case basis. Notwithstanding the aforementioned, if the Customer is obligated by law to make deduction or withholding from any payment due to the Bank under this Agreement or other Transaction Documents in respect of Taxes, it shall promptly deliver to the Bank any receipts, certificates or other documentary proof evidencing the amounts paid or payable in respect of such deduction or withholding.

7.2 When any payment would otherwise be due on a date which is not a Business Day, the payment otherwise payable on such date shall be payable on the next succeeding Business Day with the same force and effect as if made on the original payment date and accordingly the rental period shall be adjusted.

7.3 In the event of occurrence of an Event of Default in the form of failure by Customer to pay any amounts due to the Bank under this Agreement or other Transaction Documents, the Customer hereby undertakes to pay an amount on such Outstanding Amounts at the rate of 1% per annum of the total Outstanding Amount for each day on which such Event of Default continues, without prejudice to the Bank's other rights and remedies under this Agreement. Such additional amount(s) will be pooled in a separate account with the Bank, specifically created for this purpose, and will be donated by the Bank for charitable purposes only. The Bank shall have the full right to select the eligible charity organisation(s) which shall receive such donation after obtaining the approval of Shariah Supervisory Board of the Bank. In the event that there is a valid and reasonable excuse acceptable to the Bank for the Customer's delay in payment, the Bank shall reimburse the additional amount(s) paid by the Customer to the latter.

8 BANK'S REPRESENTATIONS

8.1 The Bank represents that:

(a) it is a banking company duly incorporated in Oman and licensed by the CBO to carry out Shariah-compliant banking business under the laws of Oman;

(b) it has full legal right, power and authority to enter into, execute and deliver this Agreement and to perform the transactions set forth herein; and

(c) all requisite corporate approvals and consents have been obtained by the Bank to enable it to enter into and perform its obligations under this Agreement.

9 CUSTOMER'S REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

9.1 The Customer represents and warrants that:

(a) it has full power and capacity to execute, deliver and perform its obligations under the Transaction Documents;

(b) each of the Transaction Documents constitutes a valid and legally binding obligation of the Customer enforceable in accordance with its terms and conditions;

(c) the execution, delivery and performance of the Transaction Documents will not (i) contravene any Applicable Law, nor (ii) result in any breach of or default under any agreement or other instrument to which the Customer is a party or is subject;

(d) it shall comply with the Applicable Law during the course of its performance of its obligations under the Transaction Documents;

(e) it shall defend and preserve the interests of the Bank under the Transaction Documents against infringement by itself or by third parties;

(f) under the Applicable Law, the Customer will not be required to make any deduction or to withhold any amounts payable by it hereunder;

(g) there are no existing or threatened events, developments or circumstances of whatsoever nature, including inter-alia any existing or threatened actions, suits, investigations or proceedings by or before any court of law, arbitral tribunal or Competent Authority against the Customer, that have, or could be reasonably expected to have a Material Adverse Effect on the Customer;

(h) no judicial, arbitration or administrative enforcement or/and proceeding is pending or threatened against the Customer;

(i) no event or circumstance which constitutes or which with the giving of notice or lapse of time or both would constitute an Event of Default has occurred and is continuing; and

(j) the Customer has disclosed to the Bank all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

9.2 The Customer further represents and warrants that:

(a) it is financially solvent and fully capable of paying all of its debts (whether owed to the Bank or to third parties) as they fall due;

(b) it has not stopped, suspended or threatened to stop or suspend payment of all or any part of its debts (whether owed to the Bank or to third parties) and does not intend to take any such step;

(c) it has not applied or attempted to make an application for restructuring or protective composition under the Bankruptcy Law either by itself or through an agent, and shall not make such application without the Bank's prior written approval and involvement as creditor in the restructuring or protective composition;

(d) in the event of a successful application by the Customer for restructuring or protective composition under the Bankruptcy Law after obtaining the Bank's prior written consent, the Customer shall ensure that the Bank's financial interests under the Transaction Documents are not negatively impacted or threatened to be negatively impacted by the terms and conditions of the restructuring or protective composition plan, and undertakes to withdraw its application for restructuring or protective composition under the Bankruptcy Law and request from the relevant Competent Authority to terminate the relevant process if it becomes apparent that the terms of the restructuring or protective composition may negatively impact the Bank's financial interests under the Transaction Documents;

(e) it has not commenced, nor will it commence, negotiations with any of its creditors with a view to the general readjustment or re-scheduling of all or any part of its indebtedness without the prior written approval of the Bank;

(f) it has not made any right or debt assignment or transfer (whether with or without consideration) for the benefit of itself or any of its creditors which may impact its indebtedness, and shall not make such assignment or transfer without the Bank's prior written approval;

(g) it has not filed for bankruptcy under the Bankruptcy Law, nor shall it make such filing without the Bank's prior written approval;

(h) it is not aware of any circumstances which may give rise to any of its creditors filing bankruptcy proceedings against it;

(i) it has not been classified as non-performing asset (NPA) by any bank and/or financial institution in terms of extant regulatory guidelines applicable to the Customer; and

(j) no legal proceedings or other procedure or step of whatsoever nature has been taken in relation to:

i. suspension of payment, a moratorium or rescheduling of any indebtedness, winding-up, dissolution, administration, restructuring or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Customer;

ii. ii.a composition, compromise, assignment or arrangement with any creditor of the Customer;

iii. the appointment of a, receiver, administrator, compulsory manager or other similar officer in respect of the Customer or any of its assets; or

iv. the enforcement of any Security Interest over any assets (whether tangible or intangible) of the Customer, and no analogous procedure or step has been taken in any jurisdiction.

9.3 The Customer undertakes with the Bank that, during the Term:
it shall inform the Bank of any existing or threatened Event of Default or any event, which with the giving of notice or lapse of time or both would constitute an Event of Default forthwith upon becoming aware thereof;
(a) it shall provide the Bank with such financial and other information concerning its affairs as the Bank may from time to time reasonably require;

(b) it shall keep the Bank regularly appraised of the state and condition of the Musharakah Property; and

(c) it shall submit to the Bank a valuation report with respect to the Musharakah Property issued by a licensed valuator acceptable to the Bank every two (2) calendar years from the Effective Date.

10 INSURANCE/ TAKAFUL OBLIGATIONS

10.1 The Bank shall arrange for takaful coverage with a reputable takaful company in the Sultanate of Oman, based on the Customer's request, to insure against all relevant insurable risks that may result in the loss, damage or destruction of the Musharakah Property (including, without limitation, all risks in regards to loss or damage by fire, theft, flood, terrorism, riots, earthquake, storm, accident, property owners' public liability and such other risks as a prudent person would insure in relation to the Musharakah Property)

(takaful coverage is referred to herein as the **"Insurance Policy"**). In such case, the Customer hereby undertakes and warrants to pay the monthly Insurance Policy premium (plus any government tax/levy if applicable) along with the installment every month to the Bank. If insurances are not available through takaful companies, the Customer may arrange for insurance from conventional Insurance companies.

10.2 Alternatively, the Customer may also opt to independently procure Insurance Policy coverage that sufficiently covers the full Musharakah financed value to the Bank's satisfaction. In such a case, the Customer will be responsible for paying the Insurance Policy premium directly to the insurance company and assigning the Insurance Policy to the Bank. In such case, the Customer hereby undertakes and warrants to pay the Insurance Policy premium (plus any government tax/levy if applicable) to the insurance/takaful company without any delay.

10.3 Upon occurrence of any damage covered by the Takaful Policies to the Musharakah Property, the Customer shall:
(a) promptly notify in writing the Bank and provide full details of such damage; and

(b) the Bank shall exercise its right as a first loss payee to make the takaful claim or direct the Customer to make such claim as its agent; and

10.4 In case of any loss or damage to the Musharakah Property, the Bank and the Customer shall bear such loss or damage based on their respective Musharakah Shares at the time of such loss or damage. However, where the loss or damage to the Musharakah Property is caused by the negligence of misconduct of the Customer, the Customer shall be held liable to repair and/ or reinstate such loss or damage at its own costs, and to indemnify and compensate the Bank where such repair or reinstatement is not possible due to occurrence of Total Loss, without prejudice to the Bank's other rights and remedies under this Agreement.

10.5 The Bank shall have the right to apply any proceeds of Takaful Policies towards restoration or repair of the relevant part of the Musharakah Property, except in the case of Total Loss of the Musharakah Property.

10.6 The Customer's share of the proceeds of Takaful Policies that are not to be applied towards the restoration or repair of the relevant part of the Musharakah Property may be applied by the Customer towards purchase of the Bank's Musharakah Share or any part thereof, subject to the Bank's written approval.

11 TOTAL LOSS AND PARTIAL LOSS

11.1 If a Total Loss occurs during the Term:

(a) the Customer shall, within not more than three (3) days of such loss, provide a notice in writing to the Bank of such loss or destruction;

(b) without prejudice to Clause 11.2, the proceeds of the Takaful Policies, if any, paid by the takaful provider due to the occurrence of Total Loss shall be shared between the Parties in proportion to their respective Musharakah Shares at the time of occurrence of the Total Loss; and

(c) thereafter, this Agreement shall terminate automatically.

11.2 If the Total Loss was caused by the Customer's breach of contract or the Applicable Law (whether by way of intentional or unintentional action, omission, or negligence), the Customer shall compensate and indemnify the Bank for any loss suffered by the Bank and not compensated for by the proceeds of the Takaful Policies, without prejudice to any other remedies or rights the Bank has under this Agreement or at Applicable Law.

11.3 Upon the occurrence of an accident or event which causes a loss or damage to the Musharaka Property which does not render the Musharaka Property incapable of use or occupation for its intended purpose **("Partial Loss")**, the Customer shall give prompt written notice to the Bank, identifying the damage in a comprehensive technical report and estimating the amount of loss or damage that has occurred and the cost of reinstating it. If such Partial Loss is attributable to the Customer's negligence or willful default or misconduct, the Customer shall be responsible for paying the repair costs in the case that the Insurance/Takaful does not cover such loss. In case the partial loss is not attributable to the Customer's negligence or willful default or misconduct, then the Parties may negotiate on the reduction in Rental Payment based on the partial loss that has occurred. The burden of proof relevant to ascertaining whether there has been Customer misuse or negligence rests with the Customer.

12 MAINTENANCE OBLIGATIONS

12.1 The Parties agree that the Musharakah Property maintenance obligations shall be performed in accordance with the requirements of the Rental Agreement with regards to Ordinary Maintenance and Repair (as defined in the Rental Agreement)

13 RESTRICTIONS ON UNAUTHORISED DISPOSAL

13.1 The Customer shall not grant any Encumbrance, or any in-rem rights (including sub-lease, usufruct, easement, right of way or otherwise) over the Musharakah Property for its benefit or the benefit of any third party, nor shall it dispose of the Musharakah Property or any part thereof in any manner or for whatsoever purpose, whether against or without consideration, except with the Bank's prior written approval.

14 EVENTS OF DEFAULT

14.1 An Event of Default shall occur if any of the following alternative events happen:
(a) the Customer fails to pay any sum payable by it under this Agreement or other Transaction Documents when due;

(b) the Customer defaults in the due and punctual performance of any of its obligations, warranties, covenants or undertakings under this Agreement or the other Transaction Documents, or its breach of any Applicable Laws and (if such default or breach is, in the sole opinion of the Bank, capable of being remedied) such default or breach shall not have been remedied within twenty-one (21) days from the date on which the Bank notified the Customer of such default or breach;

(c) any representation or warranty made or deemed to be made or repeated by the Customer in or pursuant to this Agreement or in any document delivered under this Agreement is or proves to have been incorrect in any material respect;

(d) the application or commencement of proceedings for bankruptcy of the Customer, whether such proceedings have been initiated by the Customer, any of its creditors or a court of law;

(e) the Customer stops or suspends payment any of its debts to creditors or is unable or admits inability to pay any such debts as they fall due;

(f) the filing of claim for payment by any of the Customer's creditors against it;

(g) the legal title to the Musharakah Property and/or the security interest of the Bank is in jeopardy in the reasonable opinion of the Bank;

(h) failure by the Customer to ensure completion by the Contractor of the Construction/Renovation Works in accordance with the terms of the Construction/Renovation Works, except where such failure can be justified by a valid and reasonable excuse acceptable to the Bank in its sole and absolute discretion;

(i) refusal by the Customer of a revision of the the Rental Payment or any component thereof by the Bank;

(j) application or commencement of proceedings by the Customer of a restructuring or protective composition process with respect to itself under the Bankruptcy Law without the Bank's prior written approval;

14.2 Pursuant to Clause 14.1 above, the notice of breach **(Notice)** shall include the following information:

i. **Nature of the Breach:** The Bank shall include details of the nature of the breach;

ii. **Action required from the Customer:** The Bank shall provide thirty (30) days for the Customer to implement the steps and measures that need to be taken by the Customer to rectify the breach, including settlement of any outstanding amount(s), if applicable.

14.3 The Customer shall address and direct any and all correspondences including complaints or follow ups on the status of the Notice to the Customer Service Manager (details provided in Clause ,,,,, below).

15 CONSEQUENCES OF THE OCCURRENCE OF AN EVENT OF DEFAULT

15.1 Upon the occurrence of an Event of Default which is not remedied by the Customer within 30 days in accordance with Clause 14.2 above, and without prejudice to any other rights or remedies available to the Bank under the Transaction Documents or at Applicable Law, the Bank shall have the right to terminate this Agreement upon written notice to the Customer.

15.2 Upon the notice of termination being issued by the Bank to the Customer, the Bank shall be entitled to immediately exercise its rights under the Purchase Undertaking pursuant to Clause 4 of the Purchase Undertaking, without prejudice to all other rights and remedies which the Bank has under this Agreement, under any of the Transaction Documents or at Applicable Law.

16 INDEMNITY

16.1 The Customer shall defend, indemnify and hold the Bank harmless against all claims, proceedings, lawsuits, judgments, liabilities, losses, damages, actual costs (including legal costs and attorneys' fees), fines, penalties, assessments and expenses arising from any loss or damage suffered by the Bank as a result of the Customer's breach of its obligations, undertakings, representations and warranties under this Agreement or under any of the Transaction Documents or arising from the occurrence or continuation of an Event of Default.

17 SECURITY

17.1 As security for the performance of the Customer's obligations in accordance with the terms of this Agreement, the Customer shall register a legal mortgage over the Musharakah Property in favor of the Bank with the Real Estate Register at the Ministry of Housing and Urban Planning of Oman. The Bank shall be entitled to demand from the Customer additional security during the Term as it deems, in its sole discretion, necessary to secure the Bank's interests under the Transaction Documents, and the Customer shall promptly comply with the Bank's demands in this respect.

18 DIRECT DEBIT AND SET-OFF

18.1 The Customer irrevocably authorizes the Bank to direct debit any of the Customer's accounts held with Bank Muscat SAOG and/or Meethaq Islamic Banking with all amounts which are due and payable to the Bank under any Transaction Document.

18.2 The Bank may apply any credit balance in any currency (whether or not matured) in any account of the Customer with Bank Muscat SAOG and/or Meethaq Islamic Banking towards satisfaction of any sum due and payable by the Customer under or in relation to any Transaction Document. Any such credit balance, in any currency, to be applied by the Bank towards the satisfaction of any sums due and payable by the Customer to the Bank shall be deemed to have been specifically made available to the Bank by the Customer for the discharge of the Customer's indebtedness as outstanding under the Transaction Documents as on the date on which the Bank exercises its right of set-off as provided for herein. The settlement shall be effected at the spot exchange rate on the day of settlement.

19 NOTICES

19.1 19.1All notices and correspondence relating to this Agreement shall be exchanged between the Parties in writing at the addresses set out herein and shall be deemed to be received within three (3) Business days. Each Party shall give notice to the other Party of any change of its address and the other Party shall act accordingly immediately after being notified thereof..

a. If the notice is addressed to the Bank by the Customer, the Customer may notify the Bank by either:

(a) visiting the nearest Bank branch; or
(b) contacting the following email address: [...]

b. If the notice is addressed to the Customer by the Bank, the address shall be:

Address ..... ; or

Email .....

20 MISCELLLANEOUS

20.1 The Bank shall be entitled to assign, transfer, or novate the whole of rights and obligations under this Agreement or any part thereof without the Customer's prior approval. However, the Customer shall not be entitled to assign, transfer, or novate the whole of rights and obligations under this Agreement or any part thereof without the Bank's prior written approval.

20.2 No failure or delay on the part of the Bank to exercise any power, right or remedy under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by the Bank of any power right or remedy preclude any other or further exercise thereof or the exercise of any other power right or remedy. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

20.3 If any provision of this Agreement is or becomes invalid, illegal or unenforceable, it is deemed to be modified by the Bank to the minimum extent necessary to make it valid, legal, and enforceable. If that is not possible, that part is deemed to be deleted. Any modification to, or deletion of, any provision of this Agreement does not affect the validity and enforceability of the remaining provisions of this Agreement.

20.4 This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and assigns, and no other person will have any right or obligation hereunder.

20.5 This Agreement is made in two (2) original copies and each Party has been handed over an original to act accordingly.

20.6 All of the Bank's standard fees, chares and applicable government taxes if any, will be applied as per the Bank's Tariff Book, which shall be available on the Bank's website (www.meethaq.om). The Customer hereby acknowledges and accepts that the Bank's standard Tariff Book shall be subject to change as per the Bank's commercial and /or regulatory requirements.

20.7 The Bank shall use its best endeavors to pre-notify the Customer of any amendments to this Agreement by way of e-mail to the Customer's registered e-mail address and/or letter to the Customer's postal address.

20.8 General updates that affect all of the Customer will also be posted by the Bank on its website (www.meethaq.om)and displayed at branches.

20.9 Such amendments and updates referred will become effective sixty (60) days from the date of notice (unless a different effective date is provided in the notice).

21 REGULATORY DISCLOSURES AND DATA PRIVACY WAIVER

21.1 The Bank may require the Customer's information such as, but not limited to, the Customer's mailing address and mobile number. The Bank may also transfer the Customer's information and data to third parties for the purposes of marketing, and research purposes as may be required. The Customer herby agrees and consents that the Bank may, at its discretion, collect, store, hold, process and transfer the Customer's information and data, and the Bank may use such information during the course of its business.

21.2 The Bank hereby warrants to the Customer that the Bank has in place, complies with, and shall take all appropriate steps reasonably designed to ensure compliance in all material respects with applicable regulations relating to data privacy and security and the collection, storage, use, disclosure, handling, analysis, and destruction of the Customer's personal information.

☐ By checking the box, the Customer hereby irrevocably and unconditionally accepts the terms of Clause 21. The Customer acknowledges and understands that accepting Clause 21 is discretionary (unless required by law) and in case of non-acceptance of Clause 21, none of the Customer's rights in this Contract shall be affected.

22 GOVERNING LAW AND JURISDICTION

22.1 This Agreement shall be governed by the laws of Oman without prejudice to the principles and rules of Sharia. In the event of any dispute arising out of or in relation to the interpretation or performance of this Agreement, the Parties shall resolve the dispute amicably within two (2) weeks of notice served by a Party to this Agreement to the other. In case of failure to reach an amicable resolution of dispute within two (2) weeks, either Party shall be entitled to refer the dispute to the courts of the Sultanate of Oman, which shall have exclusive jurisdiction to settle the dispute.

23 CUSTOMER GRIEVANCE

23.1 Recognizing the value and importance of full discussion in preserving harmonious relations, every possible effort shall be made by both the Bank and the Customer to address and resolve any grievance or complaint as expediently as possible.

23.2 Should a Customer have any query or complaint regarding this Agreement, it may contact the Bank by either:

(a) contacting the following email address: CustomerCareTeam@bankmuscat.com
(b) reporting through the following website: www.meethaq.om ; or
(c) reporting through the Bank's internet banking or mobile banking applications.

Should the Customer have a grievance or a complaint, they shall use best endeavours to refer the matter to the Bank within thirty (30) days of its arising.

24 COLLECTION OF DEBT

24.1 The Customer agrees and consents that should the debt financed become overdue in case of non-payment by the Customer, the Bank may assign the collection of such debt to an external agency partner(s) working with the Bank.

25 Tax

25.1 To the extent permitted by applicable law, the Customer shall be solely responsible for all and any Taxes payable under this Agreement and shall reimburse to the Bank upon demand all and any Taxes paid by the Bank arising under this Agreement. If at any time during the term of this Agreement, any governmental or regulatory authority imposes Taxes, duties, or charges which were not in effect as of the commencement date of the Agreement, then the Customer shall be obligated and shall remain liable to pay such Taxes whenever they become due.

26 INTEREST WAIVER

26.1 The Parties recognize that the receipt and payment of interest is not permitted under Shari'ah and accordingly agree that if any claims for amounts due under any Transaction Document or this Agreement are made in a court of law and that court imposes an obligation to pay interest on the amounts being claimed, the Parties hereby irrevocably and unconditionally expressly waive and reject any entitlement to recover such interest and to the extent any amounts of interest are received by the Bank it must allocate such amounts received to the charity account held at Meethaq and disbursed for charity causes according to the approval of its Shari'ah supervisory board.

27 EARLY PURCHASE OF UNITS

27.1 The Parties recognize that in case of the Customer's request for early purchase of the Bank's Musharakah Share, the following will be need to be satisfied;

- where the Musharakah Property Purchase Agreement is entered into between the Bank and the Customer, such early purchase may not be made during the period of 1 year from the Effective Date;
- the Customer has to pay in full all the Musharakah financed value immediately ;
- The application of 1% to the nominal value of the Musharakah Unit as the total price of the sale of the units.

IN WITNESS WHEREOF the Parties have caused this Agreement to be duly executed on the date and year first aforementioned.

For and on behalf of Meethaq Islamic Banking – bank muscat S.A.O.G:

Full Name: .....

Position: .....

Signature: .....

Full Name: .....

Position: .....

Signature: .....

For and on behalf of the Customer:

Full Name: .....

Signature: .....

APPENDIX A
DETAILS OF THE MUSHARAKAH PROPERTY

The Musharakah Property shall comprise of the land plot ..... located at ..... , block ..... Wilayat ..... ,

Oman and all constructions, structures and fixtures located or to be constructed thereupon.

APPENDIX B
DETAILS OF MUSHARAKAH SHARES AND UNITS

Total Price of the Musharkah Property	:	
Bank's Musharakah Share	:	
Bank's Musharakah Units	:	
Customer's Musharakah Share	:	
Customer's Musharakah Units	:	
Value per Musharakah Unit	:	

APPENDIX C
BANK'S MUSHARAKAH CONTRIBUTION PAYMENT SCHEDULE

Date	Musharakah Contribution Amount	Asset Value	Bank's Ownership %

APPENDIX 'D'
MUSHARAKAH PROPERTY CONSTRUCTION-SPECIFIC CLAUSES

1 CONSTRUCTION AND RENOVATION OF MUSHARAKAH PROPERTY

1.1 In case any Construction/Renovation Works are to be performed upon the Musharakah Property in accordance with the terms and conditions of the Transaction Documents, the Customer shall:

(a) ensure that the Construction/Renovation Agreement to be entered into with the Contractor contains all the financial and technical information provided in the Quotation for Construction;

(b) assume complete responsibility for the selected Engineering Consultant and Contractor and the discharge of their respective obligations under the Engineering Consultancy Agreement and the Construction/Renovation Agreement;

(c) obtain all Approvals in connection with the Construction/Renovation Works of the Musharakah Property (which have not been obtained and delivered as part of the Conditions Precedent). Additionally, the Customer shall ensure that the Contractor obtains and maintains all Approvals and the relevant Takaful Policies, which the Contractor is required to obtain and maintain, in relation to the Construction/Renovation Works;

(d) supervise the work of all persons involved in the Construction/Renovation Works so as to ensure the completion of such construction within the Construction/Renovation Period [and in accordance with the terms of the Construction/Renovation Agreement, and shall ensure that the Contractor performs all the relevant Construction/Renovation Works, including the conduct of all necessary tests, inspections, examinations and any other activity or work as per the Construction/Renovation Agreement] or as directed by the Engineering Consultant in accordance with the terms of the Engineering Consultancy Agreement as being necessary for issuance of interim completion certificates (if any) and the final completion certificate confirming interim/final completion of the Construction/Renovation Works, as the case may be;

(e) immediately notify the Bank in writing of any anticipated, threatened and/or existing delays in the performance of the Construction/Renovation Works and propose to the Bank the legal and any other remedial measures to be taken to avoid and/or mitigate the impact of the delays. In the event that such delays have resulted from the Customer's breach of Applicable Law (whether by way of intentional or unintentional action or omission), the Bank shall have the right to terminate this Agreement in accordance with Clause 14 thereof; and

(f) be liable for paying all fees, expenses and costs associated with the Construction/Renovation Works and the Engineering Consultant, and the Bank shall be entitled to take account of such fees, expenses and costs and any increase in the value of the Musharakah Property as a result of successful completion of the Construction/Renovation Works when calculating or re-calculating the Rental Payments payable under the Rental Agreement.

2 USE OF THE MUSHARAKAH PROPERTY AND LEASE OF BANK'S MUSHARAKAH SHARE

2.1 In cases where the Musharakah Property is subject to Construction/Renovation Works, the "use" and "occupation" of the Musharakah Property by the Customer referred to under Clause 5.1 of the Agreement shall, for the avoidance of doubt, include any construction or renovation of the Musharakah Property by the Customer.

3 EVENTS OF DEFAULT

3.1 The failure by the Customer to ensure completion by the Contractor of the Construction/Renovation Works in accordance with the terms of the Construction/Renovation Works shall constitute an Event of Default the occurrence of which shall trigger the application of Clauses 14 and 15 of the Agreement, except where such failure can be justified by a valid and reasonable excuse acceptable to the Bank in its sole and absolute discretion.