



Markaz Real Estate Fund

November 2024

المركز
MARKAZ

Contents

Markaz Real Estate Fund – MREF.....	3
Kuwait Real Estate Market Overview.....	4
Real Estate Investment Opportunity.....	5
MREF Strategy.....	6
Real Estate Investment Opportunity.....	7
MREF Financial Performance.....	8
MREF Monthly Distribution.....	9
MREF Operational Performance.....	10
Investment Risk.....	11
Disclaimer.....	12

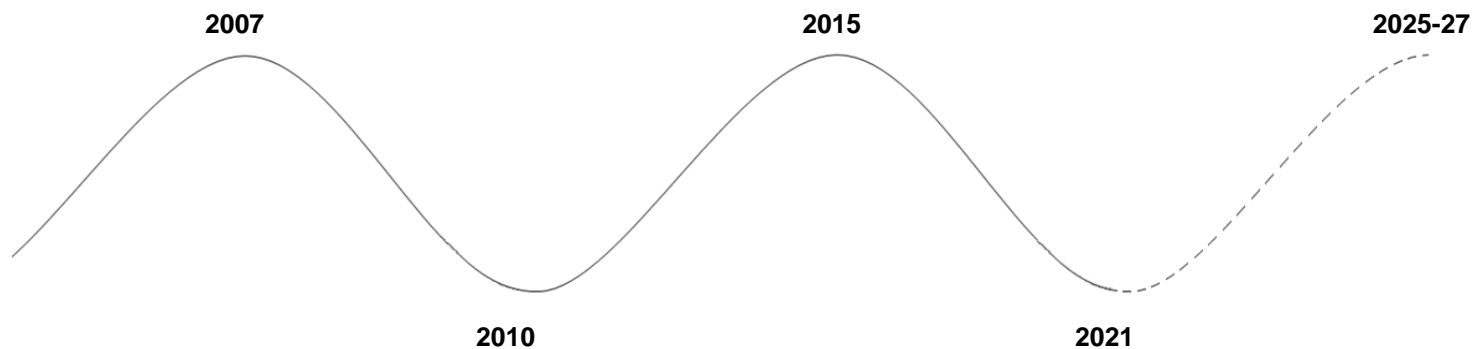
Markaz Real Estate Fund - MREF

Executive Summary

- **MREF:** an open ended shariah compliant income generating fund, targets generating returns of c. 8%, distributing cash to investors of c.5% with limited operational risk exposure
- **Risk Control:** There are risks associated with real estate investments which we aim at minimizing in our operations through proactive management of the fund and its properties
- **Performance:** MREF generated total returns of 181% since inception in 2003 equivalent to an IRR of 7.6% p.a between 2003 and Oct 2024 and made monthly distributions of c.5%
- **Operational Excellence:** MREF maintains healthy occupancy and collection levels through an efficient and hands-on approach to the daily management of the fund and the fund service providers
- **Investment Opportunity:** MREF presents a long-term investment opportunity generating monthly cash dividends in addition to the potential upside from going into the real estate market at the current point in the real estate cycle

Kuwait Real Estate Market Overview

Kuwait Real Estate market is expected to stabilize over the coming period with moderate increase marking the beginning of a new cycle



Sectors Overview

- **Residential Apartments:** witnessed a moderate upward movement mainly in the low-medium level buildings while high-end buildings are picking up with the government opening of expats visitors visas.
- **Office:** the sector is witnessing stabilization during 2023 & 2024, it is expected to maintain this stability depending on location and asset class.
- **Retail:** the sector is witnessing an upward recovery movement with stabilization expected during 2024. Location and asset class significantly affect the appeal for this sector.
- **Industrial:** the sector reached its peak in 2022 followed by a slowed demand and prices decrease due to new government legislations of increased annual and transfer fees.

Real Estate Investment Opportunity

Markaz Real Estate Fund “MREF’ Terms

MREF is an open-ended fund, investing mainly in income generating properties with the aim of generating stable income and returns through prudent acquisition, management and disposal of properties in the most promising segments of the real estate market in Kuwait.

- **Term:** Open ended, operational since 2003
- **Distribution:** Monthly dividends equal to 6.25% pa on nominal unit value (one KD)
- **Subscription:** Monthly on NAV
- **Redemption:** Every 6 months from subscription date
- **Leverage:** 0%
- **Fees:** Placement fees: 2%
 - **Management fee:** 10% of net income
 - **Carried interest:** 20% of net realized income over 8% p.a. required return to unitholders
- **NAV:** KD 1.353 as of October 2024

MREF Strategy

MREF, open ended Shariah compliant real estate fund, targets generating returns of 8%, distributing cash monthly of 5% to investors with limited risk exposure

MREF adopts the following strategy :

- Invest in a diverse portfolio of properties with a focus on Kuwait, with the following current Asset Allocation guideline:

Geography		Sectors	
Kuwait	100%	Residential	60-70%
Within 4 th ring road	60-70%	Commercial	30-40%

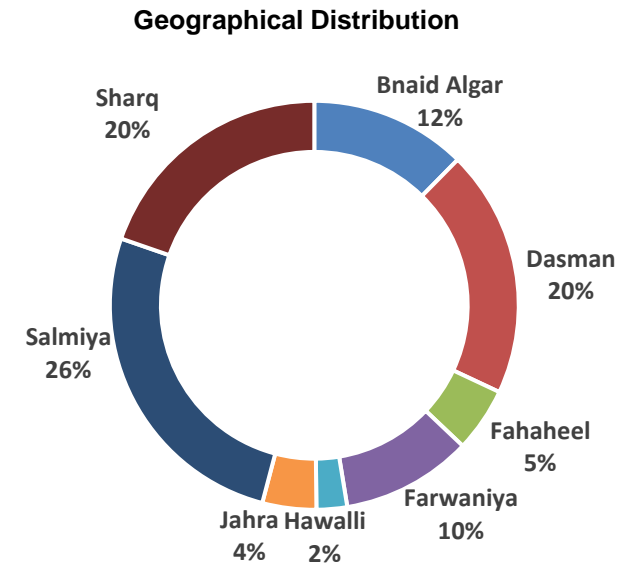
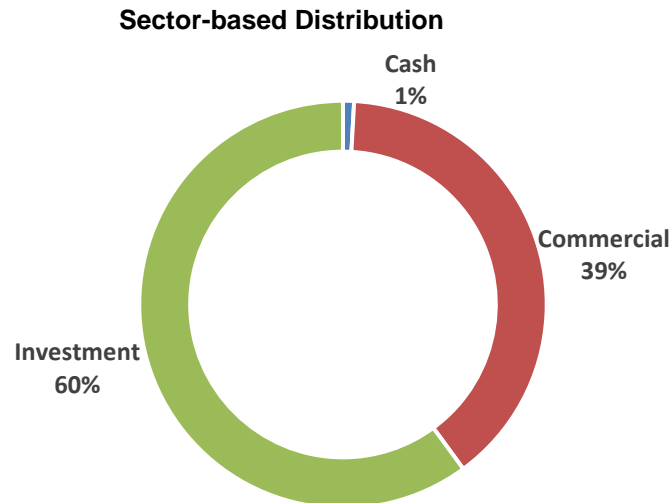
- Assets Quality:** Targeting assets without violations, rented at prevailing market rates, well maintained and low tenant concentration
- Assets Size:** Total AUM of KWD 75.9 Mn which includes a large proportion of liquid assets with a value of 1.5 - 2.5m KD
- Cash Levels:** Targeting cash levels of 5 to 10%
- Distribution:** stable monthly dividends with a target of 5%

Real Estate Investment Opportunity

Asset Allocation

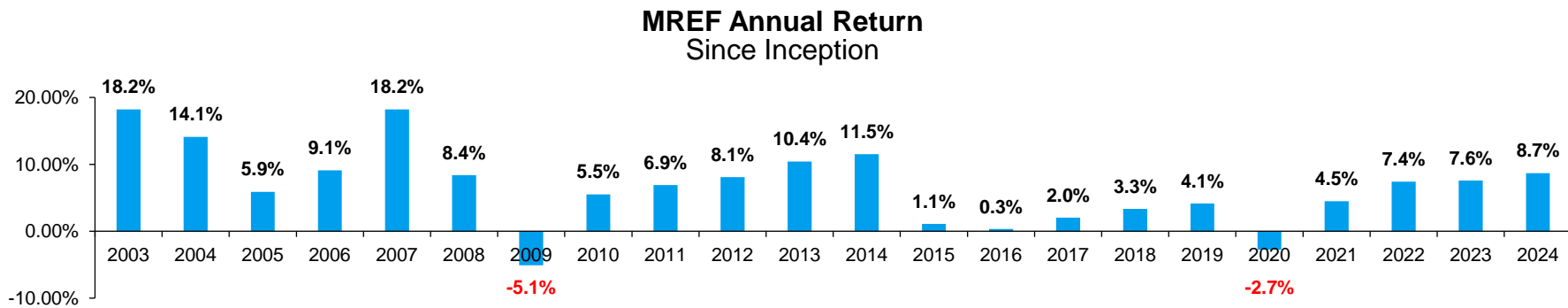
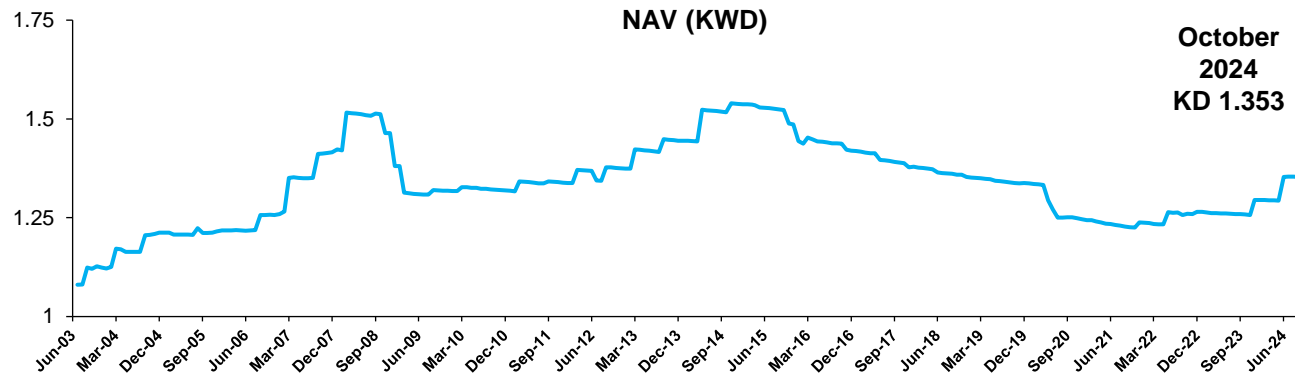
MREF invests in a diverse portfolio of real estate properties in lower risk sectors and high concentration areas within the state of Kuwait.

- MREF holds a balanced portfolio of 17 income producing properties
- Properties are distributed across sectors and governorates
- Fund Net Assets Value reached KD 70.7m as of October 2024



MREF Financial Performance

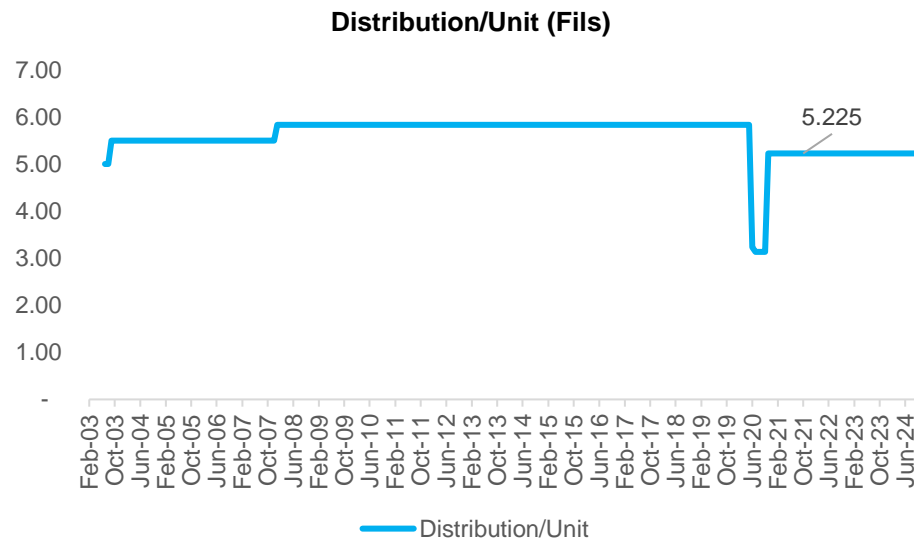
MREF, with 0% leverage, generated total returns of 181% since inception in 2003 equivalent to an IRR of 7.6% p.a between 2003 and October 2024 and distributed monthly cash dividends of c.5%



MREF Monthly Distributions

Since MREF establishment in 2003, the fund successfully made monthly distributions.

Since November 2020, distributions stand at 5.225 Fils per unit per month, representing 4.6% annualized yield on NAV

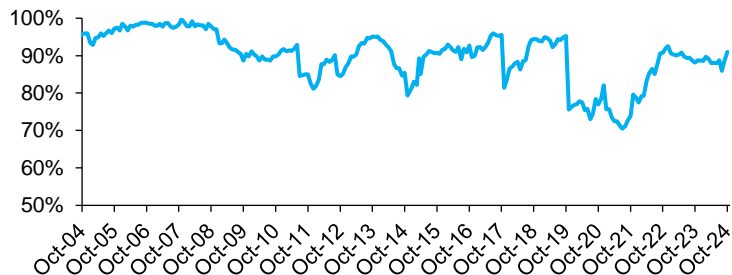


MREF Operational Performance

MREF targets healthy occupancy and collection levels through an efficient and hands-on approach to the daily management of the fund and the fund service providers

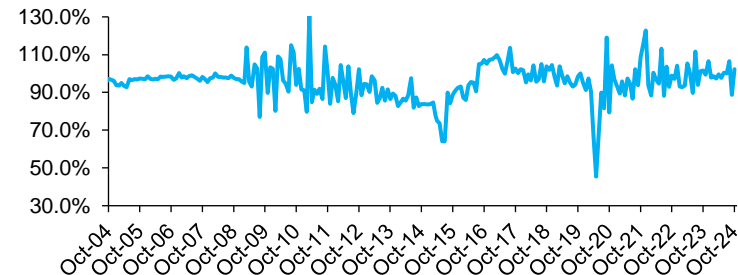
Occupancy:

MREF occupancy rate stands at 91% as of October 2024.



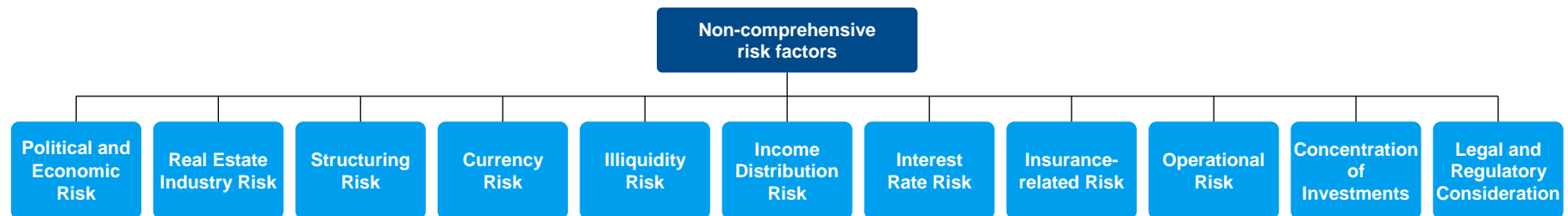
Collection:

MREF collection rate stands at 100% as of October 2024, with a 12-month average of 100%.



Investment Risk

There are risks associated with real estate investments which we aim at minimizing in our operations



- The risks associated with real estate can cause the investments to lose value or to produce lower yields to the Investors than projected
- Prospective, investors should therefore confer with their own professional legal, fiscal and financial advisors prior to taking any investment decision

Disclaimer

This document (the “Investment Presentation”) is the lawful property of Kuwait Financial Centre K.P.S.C. (“Markaz”), which is regulated by the Capital Markets Authority and the Central Bank of Kuwait. This document and its contents are confidential and may not be distributed, reproduced or copied in whole or in part, nor may any of its contents be disclosed without the prior written and express permission of Markaz. No person has been authorized to give any information or to make any representation other than those contained herein. If given or made, such information or representation should not be relied upon as having been authorized by Markaz or any of its affiliates.

The factual information contained herein is derived from selected information sourced from independent research and internal analysis, and is believed to be accurate in all material respects. No relevant or necessary information relating to the investment or project have been omitted to be included in this document. However, no representation or warranty, expressed or implied, is given by Markaz, or their respective directors, officers, representatives and/or employees (the “Parties”) as to the accuracy or completeness of the material, information or opinions contained in this document and the Parties shall have, and accept, no liability for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from this document or any omissions from this document, or any other written or oral communication transmitted or made available to any other party in relation to the subject matter of this document.

Any proposed Investment Rationale and Strategy set forth in this document have been prepared on the basis of certain assumptions that may not be completely incorporated in this document. Investment results and performance are difficult to predict and Markaz makes no representation or warranty, express or implied, and shall have no legal or other liability, with respect to the accuracy or completeness of any results, performance, or forecasts and nothing contained in this document is, or should be relied upon as, a promise or representation as to any future results, performance or events. For the avoidance of doubt, there can be no assurance or guarantee that the investment will produce any returns. Prospective Investors must therefore be aware of and understand that such investment carries a significant degree of risk of loss of their capital. This document shall not be construed as offer, or as providing legal, financial or tax opinions or guidance. Recipients of this document shall seek advice from their own legal counsel, investment, tax and financial advisors.

The statements contained herein that are not historical facts are forward-looking statements. These statements are not a guarantee or promise of any future performance and involve certain risks and uncertainties that are difficult to predict. Therefore, Prospective Investors should understand that actual results may differ materially from those predicted in such forward-looking statements due to a variety of factors. All forward-looking statements speak only as of the date of this document. Markaz does not undertake any obligation to update any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this document.

At all times, prospective investors considering an investment in a fund should carefully review such fund’s Articles of Association which describes the investment objectives, operations, fees, expenses, risks of investing and reporting of the fund’s performance to the investors. The most recent Articles of Association are available on our website. Funds’ financial reports can be obtained upon request to the Fund Manager. Recipients of this document who wish to invest in the Fund are reminded that any issue of units or other financial securities towards ownership will be made solely on the basis of the terms contained in the approved Articles of Association of the Fund, which may differ from the information contained in this document.

This document has been prepared for promotional purposes and has been approved by Markaz. Furthermore, this document may not be used by any person in any jurisdiction (i) in which such offer or invitation is not authorized; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Thank you.



+965 2224 8000 | info@markaz.com

markaz.com