

Kuwait Financial Centre K.P.S.C. "Markaz"
Markaz Real Estate Fund (MREF)
May 2019

Real Estate Investment Opportunity

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Kuwait Market Overview



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Kuwait Market Overview

- Kuwait real estate market is expected to remain stable in the short term, as we have reached the cycle curve bottom, and expected to appreciate in the medium and long term in terms based on positive demographics and the normal real estate cycle.
- The outlook weighs mainly on government-related actions:
 - New legislations affecting demand
 - Major infrastructure projects
 - Promoting small & medium businesses
- The investment sector is still facing challenges due to competition coupled with a limited growth in expatriate population, although fair priced & well serviced buildings in good locations are expected to sustain high occupancy.
- The retail sector is expected to remain high in demand for prime location shops, while other properties could start witnessing reduced rents and reduced occupancy due to the large volume of speculative supply.
- The office sector is expected to stabilize for the medium term having witnessed healthy growth in prices and rental rates for past few years.

Markaz Added Value



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Markaz Added Value

Markaz has built an expertise in real estate and specifically in income generating real estate, having made for the past decade prudent quality investments and managed properties efficiently yielding stable income and generating above market returns to its investors.

Markaz added value lies in:

- **Acquiring valuable properties** selecting sectors based on supply/demand, location based on market trends and appeal to end-users.
- **Managing Acquisition Risk** carrying thorough legal, technical, operational and commercial due diligence on target properties.
- **Managing Investment Risk** through balancing the fund exposure sectorial and geographical wise.
- **Efficiently managing acquired Properties** through improving rent levels, improving collection rates, reducing vacancy, maintaining the properties, supervising operation expenses and creating value through value-added activities.

Markaz Real Estate Fund “MREF” Terms



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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 7% 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 1.349 as of April 2019

MREF Asset Allocation

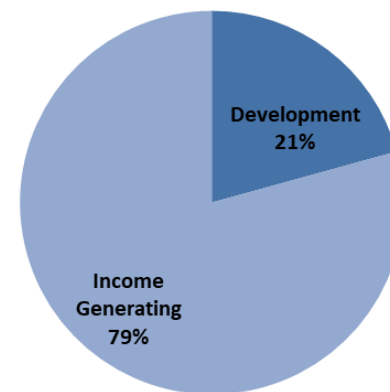


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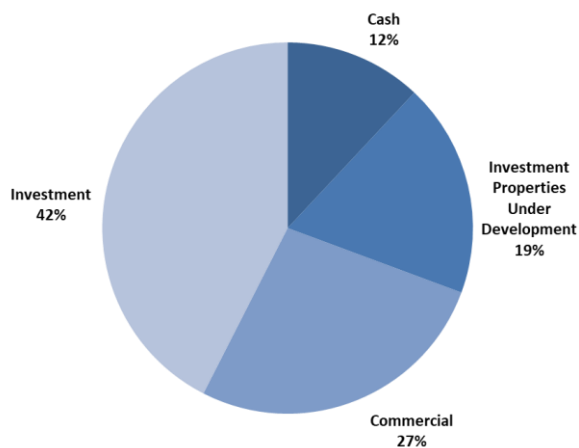
MREF Asset Allocation

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

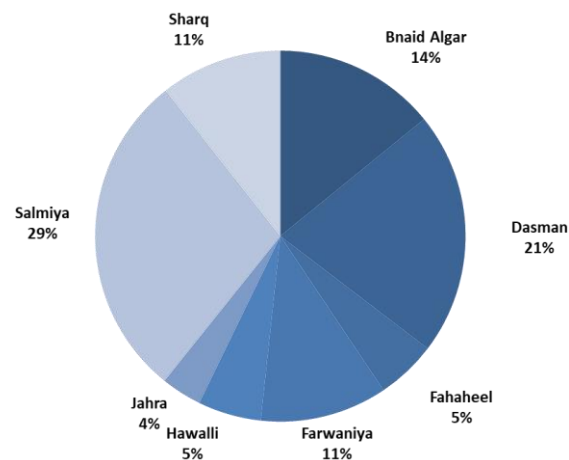
- MREF holds a balanced portfolio of 17 income producing properties and 1 under construction land plot.
- Properties are distributed across sectors and governorates.
- Fund Net Assets Value reached KD 78.06m as of April 2019.



Development / Income Distribution



Income Generating Properties Sector Distribution



Geography Distribution

MREF Operational Performance



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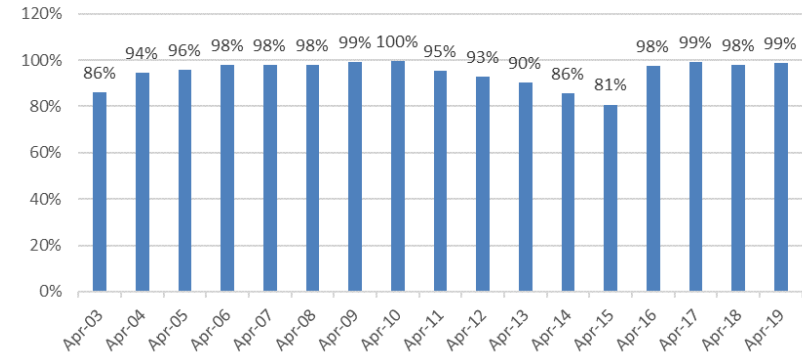
MREF Operational Performance

MREF has performed well, maintaining a high collection rate and occupancy rate in 2019.

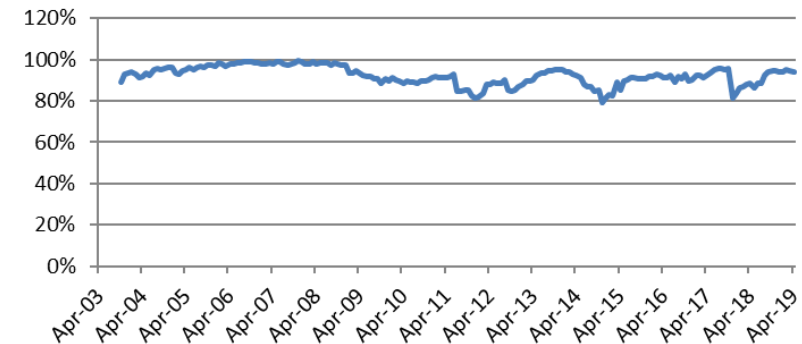
The average collection and occupancy rates for 2019 are as follows:

- Maintained high collection rate at 99% (one year average) and 98.9% as of April 2019.
- Average occupancy at 92.5% (one year average) and 94.1% as of April 2019.

Yearly Average Collection Rate



Occupancy Rate



MREF Financial Performance



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MREF Financial Performance

MREF's prudent and systematic strategy allowed it to weather the downturn and yield a solid performance.

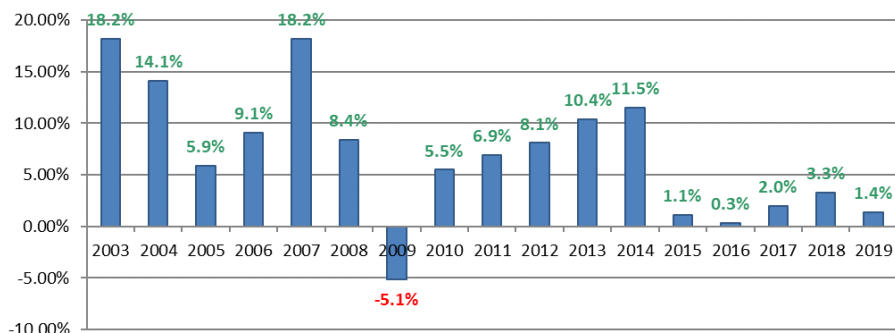
Return Since Inception: +146.05%

Total Return Annualized: +7.21%

As of April 2019

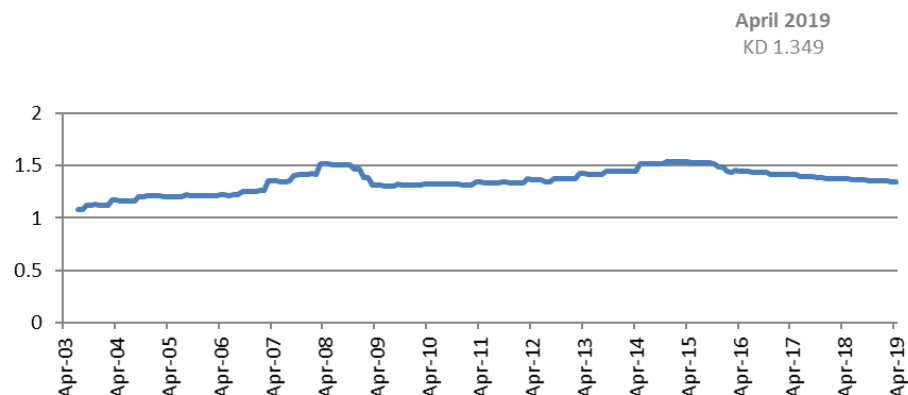
***MREF Annual Return**

Since Inception (Feb-2003)



*As of April 2019

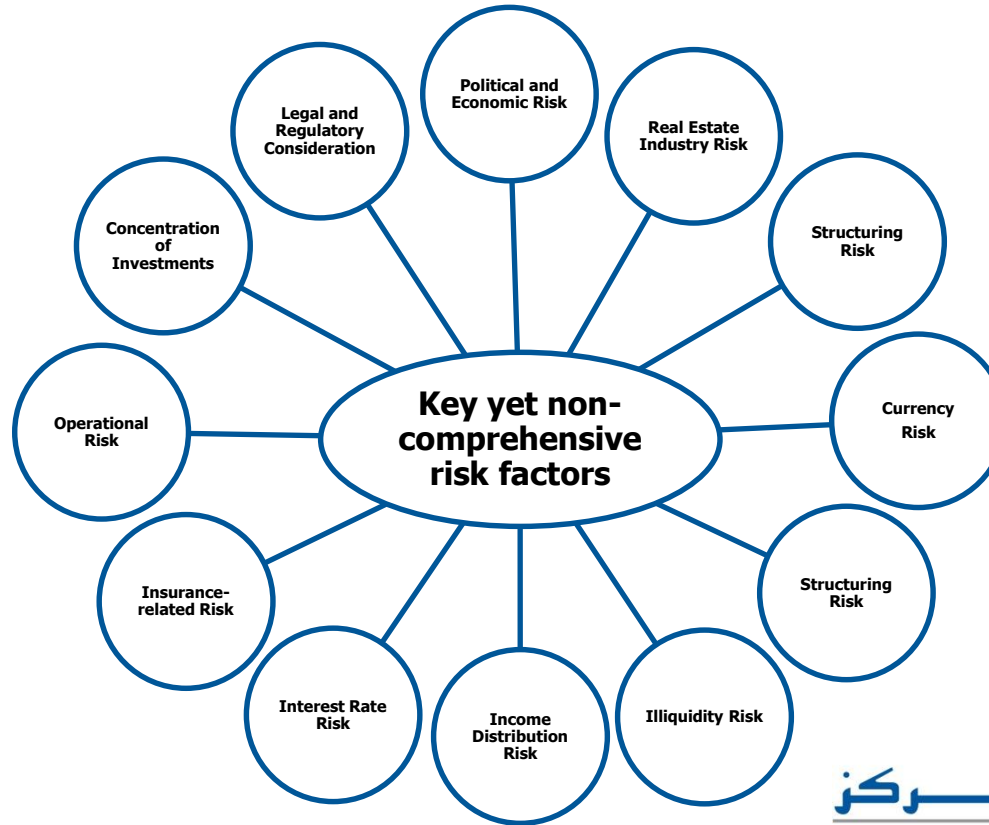
NAV (KWD)



Risks

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There are a number of inherent risks associated with private equity real estate investments which can cause the investments to lose value or to produce lower yields to the Investors than what has been projected. Prospective investors in the Fund should therefore confer with their own professional legal, fiscal and financial advisors prior to taking any investment decision in the Fund.



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- Please refer to the fund articles of association for a detailed non-exhaustive list of risk factors.

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