

PRIVATE & CONFIDENTIAL

PRIVATE PLACEMENT MEMORANDUM

The Central Bank of Bahrain, the Bahrain Stock Exchange and the Ministry of Industry and Commerce of the Kingdom of Bahrain take no responsibility for the accuracy of the statements and information contained in this Private Placement Memorandum or the performance of this Fund, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein.

Approval was granted on the 10th of August 2006 by the Central Bank of Bahrain for the establishment and marketing of the Markaz Real Estate Opportunities Fund and the Markaz Real Estate Opportunities Fund Company B.S.C (C) in and from the Kingdom of Bahrain.

The Directors of the Fund Company, whose names appear in the Section VIII headed "Management and Administration - The Directors", state to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), that all information contained in this Private Placement Memorandum is in accordance with the facts and does not omit anything, which is likely to materially affect the information and the completeness of this Private Placement Memorandum.

MARKAZ REAL ESTATE OPPORTUNITIES FUND

(An Exempt close-ended Fund created by MARKAZ REAL ESTATE OPPORTUNITIES FUND COMPANY B.S.C. (C), a closed joint stock company registered under the Laws of the Kingdom of Bahrain)

Offering of up to 200,000,000 Units each valued at US\$ 1 plus a Placement Fee

Fund Manager and Placement Agent

Kuwait Financial Centre SAK
P.O. Box 23444, Safat 13095
State of Kuwait

Administrator, Custodian, Representative and Registrar

Gulf Custody Company B.S.C. (C)
P.O. Box 2400, Manama
Kingdom of Bahrain

The date of this Private Placement Memorandum is March 2009

GENERAL GUIDELINES

1. Minimum Subscription: US\$250,000

2. The investments described herein involve a medium degree of capital risk.

3. The Fund is registered with the Central Bank of Bahrain ("CBB") pursuant to the clause CIU-B.5.8 of Rule CIU-B.5 of Collective Investment Undertakings (CIUs) integrated in the CBB Rulebook Volume 6 – CIU Module that states:

Exempt CIUs are only regulated to the extent that they must register with the CBB prior to being offered to investors; may only be offered to accredited investors; and are subject only to high-level disclosure and reporting requirements. They are not subject to any restrictions on their investment policies, as a result of which they may exhibit high risk characteristics, such as high levels of leverage and the taking of large speculative positions. Because of this, exempt CIUs may only be offered to a highly restricted investors base (i.e. those defined as Accredited Investors).

Registration with the CBB does not imply protection from loss and the Ministry of Industry and Commerce of the Kingdom of Bahrain, the Central Bank of Bahrain, or the Bahrain Stock Exchange take no responsibility for the performance of this Fund, nor shall they have any liability to any person, an investor or otherwise, for any damage or loss resulting from reliance on any statement or information contained herein.

4. The Fund's base currency is the United States Dollar.

5. The Private Placement Memorandum contains full, true and plain disclosure of material facts relevant to the Fund.

Past performance is not a guarantee of future returns.

The purchase of Units is not the same as placing cash on deposit with a bank and the Fund has no obligation to redeem Units at their offering value.

The value of the Units and the income, if any, from them can go down as well as up and Unit Holders may not get back the amount of money invested.

Applications for Units are subject to acceptance by the Fund Company.

This Private Placement Memorandum is not for use or distribution in the United States of America or to United States Persons or in any jurisdiction in which such use or distribution is not authorized.

IMPORTANT NOTICE TO INVESTORS

(WHENEVER THE CONTEXT REQUIRES, ANY GENDER USED IN THE PRIVATE PLACEMENT MEMORANDUM SHALL INCLUDE ALL OTHERS, THE SINGULAR NUMBER SHALL INCLUDE THE PLURAL, AND VICE VERSA.)

THIS PRIVATE PLACEMENT MEMORANDUM ("PLACEMENT MEMORANDUM") IS BEING FURNISHED TO SELECTED SOPHISTICATED INVESTORS ON A CONFIDENTIAL BASIS SO THAT THEY MAY CONSIDER THE OPPORTUNITY TO PURCHASE THE UNITS. THIS DOCUMENT IS THE LAWFUL PROPERTY OF THE FUND COMPANY AND MAY NOT BE DISTRIBUTED OR COPIED, AS A WHOLE OR IN PART, NOR MAY ANY OF ITS CONTENTS BE DISCLOSED WITHOUT PRIOR WRITTEN PERMISSION FROM THE FUND COMPANY OR THE FUND MANAGER. THIS PLACEMENT MEMORANDUM SHOULD BE READ IN ITS ENTIRETY.

THE PLACEMENT OF THE UNITS INSIDE THE STATE OF KUWAIT HAS BEEN APPROVED BY THE MINISTRY OF COMMERCE AND INDUSTRY AND THE CENTRAL BANK OF KUWAIT (TOGETHER THE "KUWAITI SUPERVISORY AUTHORITIES"). HOWEVER, THE KUWAITI SUPERVISORY AUTHORITIES DO NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY AND CORRECTNESS OF THE INFORMATION CONTAINED HEREIN, NOR FOR THE FINANCIAL STANDING OF THE FUND. THE APPROVAL OF THE KUWAITI SUPERVISORY AUTHORITIES IS STRICTLY RESTRICTED TO THE ABILITY AND CAPABILITY OF THE KUWAITI PLACEMENT AGENT, THE KUWAITI FINANCIAL CENTRE S.A.K, TO PLACE UNITS OF FOREIGN INVESTMENT FUNDS INSIDE THE STATE OF KUWAIT..

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PLACEMENT MEMORANDUM. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY EITHER THE FUND COMPANY OR ITS DIRECTORS UNLESS EXPRESSLY APPROVED IN WRITING BY EITHER OF THEM PRIOR TO THE DISTRIBUTION THEREOF.

THE DIRECTORS OF THE FUND COMPANY ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE FUND COMPANY (WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT THIS IS THE CASE), THE INFORMATION CONTAINED IN THE PRIVATE PLACEMENT MEMORANDUM IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO MATERIALLY AFFECT THE MEANING OF SUCH INFORMATION.

THE MINISTRY OF INDUSTRY AND COMMERCE OF THE KINGDOM OF BAHRAIN, THE CENTRAL BANK OF BAHRAIN, OR THE BAHRAIN STOCK EXCHANGE TAKE NO RESPONSIBILITY FOR THE ACCURACY OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS PLACEMENT MEMORANDUM OR FOR THE PERFORMANCE OF THIS FUND, NOR SHALL THEY HAVE ANY LIABILITY TO ANY PERSON, AN INVESTOR OR OTHERWISE, FOR ANY DAMAGE OR LOSS RESULTING FROM RELIANCE ON ANY STATEMENT OR INFORMATION CONTAINED HEREIN.

THE PLACEMENT MEMORANDUM PROVIDES A SUMMARY OF INFORMATION RELEVANT TO INVESTING IN THE FUND. THE INFORMATION IN THIS PLACEMENT MEMORANDUM RELATING TO THE ARTICLES OF ASSOCIATION DOES NOT PURPORT TO BE COMPLETE AND THIS PLACEMENT MEMORANDUM IS QUALIFIED BY REFERENCE TO THOSE DOCUMENTS.

THE FUND IS NOT REGISTERED UNDER THE UNITED STATES (US) INVESTMENT COMPANY ACT OF 1940, AS AMENDED. NEITHER KUWAIT FINANCIAL CENTRE SAK AS THE FUND MANAGER NOR THE FUND COMPANY AS THE PROMOTER OF THE FUND ARE REGISTERED UNDER THE US INVESTMENT ADVISERS ACT OF 1940, AS AMENDED, OR UNDER THE

SECURITIES LAWS OF ANY JURISDICTION OTHER THAN IN KUWAIT WITH RESPECT TO THE FUND MANAGER, AND BAHRAIN WITH THE RESPECT TO THE FUND COMPANY. THE UNITS ARE OFFERED OUTSIDE OF THE US TO POTENTIAL UNIT HOLDERS WHO ARE NOT US PERSONS (AS DEFINED). THE PLACEMENT MEMORANDUM MAY NOT BE DELIVERED IN THE US, ITS TERRITORIES, OR POSSESSIONS TO ANY PROSPECTIVE UNIT HOLDER EXCEPT IN A TRANSACTION, WHICH DOES NOT VIOLATE APPLICABLE US LAWS. NO PERSON (WHETHER OR NOT A US PERSON) MAY ORIGINATE A PURCHASE ORDER FOR UNITS FROM WITHIN THE US.

THIS PLACEMENT MEMORANDUM HAS NOT BEEN REGISTERED AS A PROSPECTUS UNDER THE PUBLIC OFFERS OF SECURITIES REGULATIONS 1995, AS AMENDED (THE "**POS REGULATIONS**") IN THE UNITED KINGDOM AND, ACCORDINGLY, UNITS MUST NOT BE OFFERED OR SOLD TO ANY PERSON IN THE UNITED KINGDOM EXCEPT IN CIRCUMSTANCES WHICH HAVE NOT RESULTED OR WILL NOT RESULT IN AN OFFER TO THE PUBLIC IN THE UNITED KINGDOM WITHIN THE MEANING OF THE POS REGULATIONS. THIS PLACEMENT MEMORANDUM HAS NOT BEEN APPROVED AS A FINANCIAL PROMOTION FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 AND, ACCORDINGLY, THIS PLACEMENT MEMORANDUM AND ANY OTHER DOCUMENT IN CONNECTION WITH THE ISSUE OR SALE OF THE UNITS MAY IN ANY EVENT ONLY BE COMMUNICATED, DISTRIBUTED OR ISSUED OR PASSED ON IN THE UNITED KINGDOM TO A PERSON WHO IS OF A KIND DESCRIBED IN ARTICLE 19 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2001 OR TO A PERSON TO WHOM THIS DOCUMENT MAY OTHERWISE LAWFULLY BE COMMUNICATED, DISTRIBUTED OR ISSUED OR PASSED ON IN THE UNITED KINGDOM.

THE UNITS BEING OFFERED MAY NOT BE PURCHASED OR HELD BY, OR PURCHASED OR HELD FOR THE BENEFIT OF, ANY NON-QUALIFIED PERSONS (AS DEFINED HEREIN AFTER) AT ANY TIME. "**NON-QUALIFIED PERSON**" MEANS:

- i) A PERSON WHO IS A) A RESIDENT OF THE UNITED STATES OR THE UNITED KINGDOM B) A CORPORATION OR OTHER ENTITY ORGANISED OR CREATED UNDER THE LAWS OF THE STATES OF THE UNITED STATES OR THE UNITED KINGDOM, ITS TERRITORIES, OR POSSESSIONS, OR C) AN ENTITY CONTROLLED DIRECTLY OR INDIRECTLY BY ANY PERSON DESCRIBED IN CLAUSE I(A) OR I(B) HEREOF IN WHICH SUCH A PERSON HAS A BENEFICIAL INTEREST;
- ii) A PERSON WHO IS ENGAGED IN A TRADE OR BUSINESS IN THE UNITED STATES OR THE UNITED KINGDOM TO WHICH THE INVESTMENT IN THE FUND MAY BE DEEMED EFFECTIVELY CONNECTED;
- iii) ANY TRUST, PARTNERSHIP OR FIDUCIARY IN WHICH ANY BENEFICIAL INTEREST IS HELD FOR THE BENEFIT OF ANY PERSON DESCRIBED IN CLAUSES (A) OR (B) ABOVE;
- iv) ANY INDIVIDUAL WHO WAS OR IS PRESENT IN THE UNITED STATES OR THE UNITED KINGDOM FOR 183 DAYS OR MORE DURING THE TAXABLE YEAR, OR;
- v) ANY PERSON TO WHOM A TRANSFER TO OR HOLDING BY SUCH PERSON OF UNITS WOULD:
 - a) BE IN BREACH OF ANY LAW OR REQUIREMENT OF ANY COUNTRY OR GOVERNMENTAL AUTHORITY IN ANY JURISDICTION WHETHER ON ITS OWN OR IN CONJUNCTION WITH ANY OTHER RELEVANT CIRCUMSTANCES;
 - b) RESULT IN THE FUND COMPANY OR THE FUND INCURRING ANY LIABILITY TO TAXATION WHICH THE FUND COMPANY OR THE FUND WOULD NOT OTHERWISE HAVE INCURRED OR SUFFERED;

- c) REQUIRE THE FUND COMPANY OR THE FUND TO BE REGISTERED UNDER ANY STATUTE, LAW, OR REGULATION, WHETHER AS AN INVESTMENT COMPANY OR TRUST SCHEME OR;
- d) CAUSE THE FUND COMPANY OR THE FUND TO BE REQUIRED TO APPLY FOR REGISTRATION OR TO COMPLY WITH ANY REGISTRATION REQUIREMENTS IN RESPECT OF ANY OF ITS UNITS, WHETHER IN THE UNITED STATES, THE UNITED KINGDOM OR ANY OTHER JURISDICTION;

THE UNITS OFFERED PURSUANT TO THIS PLACEMENT MEMORANDUM ARE BEING OFFERED ONLY (A) TO NATURAL PERSONS WHO ARE CITIZENS AND RESIDENTS OF THE STATE OF KUWAIT OR CORPORATIONS OR OTHER LEGAL ENTITIES ORGANISED UNDER THE LAWS OF KUWAIT; (B) TO NATURAL PERSONS WHO ARE CITIZENS AND RESIDENTS OF OTHER COUNTRIES WHICH ARE MEMBER COUNTRIES OF THE GCC AND CORPORATIONS AND OTHER LEGAL ENTITIES ORGANISED UNDER THE LAWS OF SUCH OTHER COUNTRIES; AND (C) TO OTHER NATURAL PERSONS AND LEGAL ENTITIES ACCEPTABLE TO THE FUND MANAGER IN ITS ABSOLUTE DISCRETION.

THE UNITS MAY NOT BE PURCHASED BY PERSONS UNDER THE AGE OF 21.

THE INCORPORATION OF THE FUND COMPANY FOR THE PURPOSES OF CREATING AND ISSUING OF FUNDS ONLY IN ACCORDANCE WITH THE TERMS OF THIS PLACEMENT MEMORANDUM WAS APPROVED BY THE CBB ON 10 August 2006.

UNDER BAHRAIN LAW, THE FUND IS SUBJECT TO PERIODIC FINANCIAL REPORTING REQUIREMENTS PURSUANT TO WHICH THE FUND'S UNAUDITED SEMI-ANNUAL AND AUDITED ANNUAL STATEMENTS MUST BE FILED WITH THE CBB. THE FUND'S FINANCIAL STATEMENTS WILL BE MADE AVAILABLE TO UNIT HOLDERS.

INVESTING IN THE FUND INVOLVES A MEDIUM DEGREE OF RISK DESIGNED FOR INVESTORS SEEKING A MEDIUM TO LONG-TERM CAPITAL GAIN AS WELL AS A MODERATE LEVEL INCOME. INVESTORS SHOULD NONETHELESS BE ABLE TO BEAR THE ECONOMIC RISKS OF THEIR INVESTMENT IN THE FUND, INCLUDING ALL OR PART THEREOF, AND SHOULD NOT BE DEPENDENT UPON ANY RETURNS FROM SUCH INVESTMENT FOR ANY BASIC FINANCIAL NEEDS. INVESTORS SHOULD BE AWARE THAT THE VALUE OF UNITS MIGHT DECREASE AS WELL AS INCREASE.

THE STATEMENTS CONTAINED HEREIN THAT ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE BASED ON THE CURRENT REAL ESTATE MARKET IN BAHRAIN AND OTHER MEMBER COUNTRIES OF THE MENA REGION, THE BELIEFS OF THE FUND MANAGER AND THE DIRECTORS OF THE FUND COMPANY, AND UPON ASSUMPTIONS MADE BY THEM. WORDS SUCH AS "EXPECTS", "ANTICIPATES", "SHOULD", "INTENDS", "PLANS", "BELIEVES", "SEEKS", "ESTIMATES", "PROJECTS", VARIATIONS OF SUCH WORDS AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY SUCH FORWARD-LOOKING STATEMENTS. THESE STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND INVOLVE CERTAIN RISKS, UNCERTAINTIES AND ASSUMPTIONS THAT ARE DIFFICULT TO PREDICT. THEREFORE, ACTUAL OUTCOMES AND RESULTS MAY DIFFER MATERIALLY FROM WHAT IS EXPRESSED OR FORECASTED IN SUCH FORWARD-LOOKING STATEMENTS.

THE BUSINESS OF THE FUND SHALL AT ALL TIMES BE CONDUCTED IN A MANNER THAT COMPLIES WITH THE SHARI'AH GUIDELINES. SHARI'AH PROHIBITS THE FUND FROM PAYING OR RECEIVING INTEREST, ALTHOUGH THE RECEIPT OF DIVIDENDS AND CAPITAL GAINS FROM EQUITY INVESTMENT IN SHARI'AH COMPLIANT COMPANIES IS ACCEPTABLE. HOWEVER, RETURNS DERIVED FROM THE FUND'S INVESTMENTS MAY COMPRISE AN AMOUNT, WHICH IS ATTRIBUTABLE, FOR SHARI'AH PURPOSES, TO IMPURE INCOME EARNED OR RECEIVED. WHERE THIS IS THE CASE, THE AMOUNT OF ANY RETURN, WHICH IS SO

ATTRIBUTED, WILL BE CALCULATED IN ACCORDANCE WITH THE SHARI'AH CRITERIA APPROVED BY THE SHARI'AH BOARD AND DONATED PERIODICALLY BY THE FUND TO CHARITIES, WITH NO DIRECT OR INDIRECT BENEFIT ACCRUING TO THE FUND OR ANY OF ITS INVESTORS.

IT IS ALSO POSSIBLE THAT THE SHARI'AH INVESTMENT RESTRICTIONS PLACED ON INVESTMENTS MAY RESULT IN THE FUND PERFORMING LESS WELL THAN FUNDS WITH SIMILAR INVESTMENT OBJECTIVES BUT WHICH ARE NOT SUBJECT TO SUCH LIMITATIONS.

THE PAYMENT OF ZAKAH SHALL BE THE SOLE RESPONSIBILITY OF THE INVESTORS. THE FUND COMPANY OR THE FUND SHALL NOT CALCULATE OR PAY OR BE RESPONSIBLE FOR CALCULATION OR PAYMENT OF ZAKAH ON THE INVESTOR'S INVESTMENT IN THE FUND OR ON ANY CAPITAL APPRECIATION DERIVED THERE FROM.

THE FUND COMPANY, THE PLACEMENT AGENT, THE FUND MANAGER, THE REGISTRAR AND THE CUSTODIAN RESERVE THE ABSOLUTE RIGHT TO REQUIRE FURTHER VERIFICATION OF THE IDENTIFY OF EACH POTENTIAL INVESTOR OR THAT OF THE PERSON OR ENTITY ON WHOSE BEHALF THE POTENTIAL INVESTOR IS APPLYING FOR A SUBSCRIPTION IN THE FUND. EACH POTENTIAL INVESTOR WILL PROVIDE SATISFACTORY EVIDENCE OF IDENTITY AND IF SO REQUIRED THE SOURCE OF FUNDS WITHIN A REASONABLE TIME PERIOD DETERMINED BY THE FUND COMPANY. PENDING THE PROVISION OF SUCH EVIDENCE, AN APPLICATION TO SUBSCRIBE FOR AN INTEREST IN THE FUND WILL BE POSTPONED. IF A POTENTIAL INVESTOR FAILS TO PROVIDE SATISFACTORY EVIDENCE WITHIN THE TIME SPECIFIED, OR IF A POTENTIAL INVESTOR PROVIDES EVIDENCE BUT THE FUND COMPANY IS NOT SATISFIED THEREWITH, THE APPLICATION, WILL BE RETURNED TO THE APPLICANT BY INTER-BANK TRANSFER TO THE ACCOUNT FROM WHICH THE MONEYS ORIGINATED, WITHOUT ANY ADDITION THERETO AND AT THE RISK AND EXPENSE OF THE APPLICANT.

THE FUND COMPANY WILL COMPLY WITH BAHRAIN'S LEGISLATIVE DECREE NO. (4) OF 2001 WITH RESPECT TO PROHIBITION OF MONEY LAUNDERING AND THE VARIOUS MINISTERIAL ORDERS ISSUED THEREUNDER INCLUDING, BUT NOT LIMITED TO, MINISTERIAL ORDER NO. (7) OF 2001 WITH RESPECT TO THE INSTITUTION'S OBLIGATIONS CONCERNING THE PROHIBITION OF AND COMBATING MONEY LAUNDERING.

THE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF UNITS IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED. NO ACTION HAS BEEN TAKEN TO PERMIT THE DISTRIBUTION OF THIS PLACEMENT MEMORANDUM IN ANY JURISDICTION. ACCORDINGLY, THE PLACEMENT MEMORANDUM MAY NOT BE USED FOR THE PURPOSE OF, AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION BY ANYONE IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. RECIPIENTS OF THIS PLACEMENT MEMORANDUM SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY APPLICABLE LEGAL REQUIREMENTS.

THE FUND COMPANY AND THE PLACEMENT AGENT IN ITS SOLE DISCRETION, MAY REJECT ANY SUBSCRIPTION FOR UNITS IN WHOLE OR IN PART AT ANY TIME PRIOR TO ACCEPTANCE THEREOF. FURTHERMORE, THE FUND COMPANY MAY AT ANY TIME AND AT ITS DISCRETION REDEEM THE UNITS AND DISTRIBUTE TO UNIT HOLDERS THEIR RESPECTIVE SHARE OF THE PROCEEDS THEREOF.

THE FUND IS REQUIRED TO PAY AN ANNUAL REGISTRATION FEE OF BD 2,000 TO THE CBB. THE FUND COMPANY WILL BE REQUIRED TO PAY ANNUAL REGISTRATION FEES TO THE MINISTRY OF INDUSTRY AND COMMERCE IN THE AMOUNT OF BD [•]. THE FUND COMPANY IS CAPITALISED AT BD 1,000.

LEGAL COUNSEL TO THE SHAREHOLDERS OF THE FUND COMPANY AND THE FUND MANAGER, IN ASSISTING WITH THE PREPARATION OF THE PRIVATE PLACEMENT MEMORANDUM, HAVE

RELIED ON INFORMATION SUPPLIED BY THE FUND COMPANY AND THE FUND MANAGER; HAVE NOT INDEPENDENTLY VERIFIED THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED HEREIN; MAKE NO REPRESENTATION OR WARRANTY WITH RESPECT THERETO, AND ASSUME NO LIABILITY FOR THE CONTENTS OF, OR ANY OMISSION FROM, THE PLACEMENT MEMORANDUM.

THE CONTENTS OF THE PLACEMENT MEMORANDUM SHOULD NOT BE CONSTRUED AS INVESTMENT, LEGAL, OR TAX ADVICE. EACH POTENTIAL UNIT HOLDER IS URGED TO SEEK INDEPENDENT INVESTMENT, LEGAL, AND TAX ADVICE WITH RESPECT TO THE IMPLICATIONS OF INVESTING IN THE UNITS.

ALL THE INFORMATION IN THE PLACEMENT MEMORANDUM IS GIVEN AS OF THE DATE HEREOF, UNLESS EXPRESSLY OTHERWISE SPECIFIED HEREIN. PROSPECTIVE INVESTORS ARE REFERRED TO SECTION XIV OF THIS PRIVATE PLACEMENT MEMORANDUM "RISK FACTORS" FOR A SUMMARY OF CERTAIN OF THE RISKS INVOLVED.

- **Directory**

Fund Manager and Placement Agent

Kuwait Financial Centre S.A.K.
P.O. Box 23444
Safat 13095
Kuwait
Tel: +965 2224 8000
Fax: +965 2246 3049

Administrator, Custodian, Representative and Registrar

Gulf Custody Company B.S.C. (C)
P.O. Box 2400
Manama
Kingdom of Bahrain

Directors

Manaf AbdulAziz Alhajeri
Ali H. Khalil
Bassam N. Al-Othman
Sami R. Shabshab
Milad A. Elia

Fund Company

Markaz Real Estate Opportunities Fund Company
B.S.C. (C)
P.O. Box 3214
Manama
Kingdom of Bahrain

Shari'ah Committee

AlMashora and AlRaya for Islamic Financial Consultancy
Murghab - Al Sour Street
Jassem Al Asfour Tower
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Tel: +965 2296 0555
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Auditors

PricewaterhouseCoopers Bahrain Limited
P.O. Box 21144
9th Floor, BMB Centre
Manama
Kingdom of Bahrain

Legal Counsel (At the time of incorporation)

Qays H. Zu'bi Attorneys and Legal Consultants
P.O. Box 2397
Manama
Kingdom of Bahrain

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I. DEFINITIONS

The following definitions shall apply throughout this Private Placement Memorandum unless the context requires otherwise:

"Administration Agreement, Custody Agreement, Registrar Agreement and Representative Agreement"	mean the Administration agreement, the Custody agreement and the Registrar agreement between Gulf Custody Company B.S.C (C) and the Fund Company dated 27 September 2006, and the Representative Agreement dated 1 May 2007 in connection with the Fund and more particularly as described later in " <i>Material Contracts</i> ";
"Administrator"	means Gulf Custody Company B.S.C (C) or such other administrator appointed from time to time to act as administrator of the Fund;
"Articles"	means the Memorandum and Articles of Association of the Fund Company in force, and as amended from time to time;
"Auditors"	means PricewaterhouseCoopers Bahrain Limited, or such other firm of chartered accountants or certified public accountants appointed by the Fund Company and for the time being acting as auditors for the Fund;
"Bahrain"	means the Kingdom of Bahrain;
"Bahrain Law"	means the laws and regulations in force in Bahrain;
"Base Currency"	means the base currency of the Fund, which is the United States Dollar;
"CBB"	means the Central Bank of Bahrain,
"CBB Approval"	means the CBB letter approving the creation and marketing of the Fund;
"Board"	means the board of directors of the Fund Company;
"B.O.T"	means Build-Operate-Transfer;
"Business Day"	means a day (other than a public holiday) on which banks and financial institutions are open for general business in Bahrain and Kuwait and, in relation to the transfer or payment of any amount denominated in US Dollars, New York;
"Closings"	The Fund will hold an initial closing as soon as possible after the Fund Manager has accepted subscriptions for

Commitments totalling at least US\$ 50 million (the **"Initial Closing"**). The Fund Manager currently anticipates that the Initial Closing will be held in November 2006. Subsequent closings will take place, at the discretion of the Fund Manager, any time, within a period of twelve (12) months from the Initial Closing date; the last of which will become the Fund's final closing (the **"Final Closing"**);

"Collective Investment Undertaking Regulations"

means the Regulations with respect to the Collective Investment Undertakings Module (CIU Module) of the Central Bank of Bahrain Rulebook Volume 6, as the same may be amended, supplemented or replaced from time to time;

"Commitment(s)"

means the total amount committed by an Investor in the Fund as set out in the section headed *"Summary of Principal Terms and Conditions"*;

"Co-Investors"

means third-party investors who will participate in the capitalization of the Property Companies, and who may be nationals and/or residents of the GCC and/or MENA, individuals or body corporates;

"Custodian"

means Gulf Custody Company B.S.C (C) or its successor when acting as the custodian of the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;

"Directors"

means the Directors of the Fund Company.

"Fiscal Year"

means a period of one year starting from January 1 and ending on December 31 of each calendar year, except for the first year that will begin from the date of the Initial Closing and expire at the end of December of the following year;

"Fund Company"

means Markaz Real Estate Opportunities Fund Company B.S.C (C), a closed joint stock company incorporated under the laws of Bahrain to create the Fund, and to enter into agreements on behalf of the Fund;

"Fund Management Agreement"

means the Fund Management Agreement of even date with this Placement Memorandum, entered into between the Fund Company and the Fund Manager, as more particularly described in the section headed *"Material Contracts"*;

"Fund Manager"	means Kuwait Financial Centre SAK ("Markaz"), a closed shareholding company incorporated under the laws of the State of Kuwait;
"GCC"	means the Gulf Co-Operation Council
"GCC Countries"	means member states of the GCC, comprising the Sultanate of Oman, the State of Qatar, the United Arab Emirates, the Kingdom of Saudi Arabia, the State of Kuwait and the Kingdom of Bahrain;
"Instrument"	means the Instrument issued by the Fund Company dated 17 September 2006, in connection with the creation of Units in the Fund substantially in the same form as the "Form of Instrument" in Appendix C;
"Investments"	means each investment (and re-investment of profit and/or sale proceeds from such investment) (in both cases, compliant with the Islamic Shari'ah) made and managed by the Fund Manager on behalf of the Fund;
"Investment Period"	has the meaning given to such expression in the section headed " <i>Summary of Principal Terms and Conditions</i> ";
"MENA"	means Middle East and North Africa;
"MENA region"	means the countries comprising the MENA;
"NAV"	means the net asset value of the Fund as determined in accordance with the principles set out in this Placement Memorandum;
"Offering"	has the meaning given to such expression in the section headed " <i>Summary of Principal Terms and Conditions</i> ";
"Performance Fee"	means the performance fee payable by the Fund to the Fund Manager as calculated in the manner more particularly described in the section headed " <i>Fees and Expenses – Performance Fee</i> ";
"Placement Agent"	The Fund Manager will act as the exclusive placement agent for the Fund;
"Placement Fee"	means the front end charge payable by each Unitholder to the Placement Agent upon each subscription for Units in the amounts more particularly described in the section headed " <i>Fees and Expenses – Placement Fee</i> ";

"Placement Memorandum"	means this Private Placement Memorandum dated March 2009 and all appendices, attachments and supplements hereto;
"Property Companies"	has the meaning given to such expression in the section, headed " <i>Summary of Terms and Conditions – Investment Structure</i> ";
"Accredited Investor"	means any investor who is not a Non-Qualified Person;
"Register"	means the register of the Unitholders maintained by the Registrar;
"Registrar"	means Gulf Custody Company B.S.C (C) or its successor when acting as the registrar of the Fund or such other entity appointed to act in such capacity from time to time by the Fund Company;
"Shari'ah Committee"	means the Shari'ah committee retained by the Fund Manager to advise on the interpretation of and determine compliance by the Fund with Islamic Shari'ah, for the time being AlMashora and AlRaya for Islamic Financial Consultancy the initial members of which are Dr. Abdul-Aziz Khalifa Al-Qassar, Dr. Eissa Zaki Eissa and Dr. Ali Ibrahim Al-Rashed, as such committee may be constituted from time to time;
"Subscription Agreement"	means a subscription agreement to be delivered by a prospective investor to the Fund Manager in connection with a subscription to the Fund, in the form set out in Appendix A hereto;
"Target Markets"	means the GCC and wider MENA region;
"Term"	means a period of five (5) years from the date of the Initial Closing, which may be extended for up to a maximum of two (2) consecutive one-year periods at the discretion of the Fund Manager to permit orderly dissolution.;
"Unitholder"	<p>means an Accredited Investor who holds Units in the Fund from time to time, as determined by reference to the Register and who satisfies one of the following conditions;</p> <p>(a) Individuals holding financial assets (either singly or jointly with their spouse) of USD 1,000,000 or more;</p> <p>(b) Companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than USD 1,000,000; or</p>

(C) Governments, supranational, organizations, central banks or other national monetary authorities, and state organizations whose main activity is to invest in financial instruments. The Fund will only be marketed to Accredited Investors.

“Unitholders Advisory Board”	means the board appointed by the Fund Manager comprising of a minimum of three (3) of the largest Unitholders in the Fund. The purpose of this Unitholders’ Advisory Board is to (i) review the valuations of Investments; (ii) review and approve or disapprove any potential conflicts of interest between the Fund Manager and the Fund; and (iii) provide guidance on other issues brought to it by the Fund Manager.
“Unit”	means each non-voting Unit in the Fund having a nominal value of one US Dollar (US\$1);
“US\$” or “US Dollar”	means the lawful currency for the time being of the United States of America; and
“Valuation Date”	means the last day of each calendar year at which the Administrator shall calculate the NAV (provided that if such day is not a Business Day, the valuation shall take place on the immediately preceding Business Day), together with such other Business Days as the Board may, from time to time, designate as a Valuation Date.

EXECUTIVE SUMMARY

General

The Fund is a Collective Investment Undertaking created by the Fund Company through the Instrument dated 17 September 2006, and established as an Exempt close-ended Fund pursuant to the rules of Collective Investment Undertakings (CIUs) integrated in the CBB Rulebook Volume 6 – CIU Module, in order to invest in real estate development projects and real estate companies within the GCC and wider MENA region. The Fund Company offers, through the Instrument, up to 200,000,000 Units in the Fund to Accredited Investors.

The Fund is seeking up to US\$200 million in aggregate capital commitments from Accredited Investors, with an Initial Closing to be held as soon as possible, after the Fund Manager accepts subscriptions for Commitments totalling at least \$50 million. The Fund Manager currently anticipates that the Initial Closing will take place during November 2006.

The Fund will target a compounded annual return of net 18% over its Term, net of all incentive and other fees paid to the Placement Agent, the Fund Manager, the Administrator, the Custodian and the Registrar, and all fees, costs or expenses paid to the Auditors, the legal counsel and professional or other advisers (including any fees payable to the Shari'ah Committee) and any applicable taxes.

The Fund will seek to achieve these returns by investing in real estate development projects and real estate companies within the GCC and wider MENA region, which the Fund Manager believes are poised for increase in values. The Fund will invest in projects that will generate internal rates of return of at least 20% p.a., depending on the market and the risk profile of each project. The Fund may invest either on a stand-alone basis or in partnership with operating companies and developers. The Fund expects to hold each of its Investments for a two-to-five year period and will have an investment period of 36 months commencing on the date of its Initial Closing.

The Fund Manager intends that the Fund will make its Investments and conduct its affairs in a manner complying with Islamic Shari'ah, and to that end, the Fund Company has retained AIMashora and AlRaya for Islamic Financial Consultancy to act as the Fund's Shari'ah committee (the "Shari'ah Committee"), the initial members of which are [Dr. Abdul-Aziz Khalifa Al-Qassar, Dr. Eissa Zaki Eissa and Dr. Ali Ibrahim Al-Rashed]. The Fund's Shari'ah Committee has reviewed the proposed structure, strategy and operations of the Fund as described in this Placement Memorandum, and has provided a certification ("Fatwa") that they are compliant with the principles and precepts of Shari'ah. The Shari'ah Committee will also provide ongoing supervision and oversight of the operations, policies and activities of the Fund to ensure their compliance with Shari'ah guidelines. The decisions of the Shari'ah Committee are of binding effect on the Fund.

The Fund will make its Investments either directly or through other acceptable and appropriate means such as investment portfolios or through one or more companies or entities established under the laws of the jurisdiction in which the relevant Investment is being made, within the Target Markets. Such companies or entities may take different forms depending on the type of project and the laws of the relevant country within the Target Markets, including but not limited to joint ventures or limited liability companies. Each such company or other entity to be incorporated or otherwise established will be for the sole purpose of directly or indirectly holding such Investments (each such company or other entity hereinafter, a

"Property Company"). Each Property Company will be capitalised with equity from either the Fund Company acting on behalf of and for the account of the Fund, and from third-party investors (the **"Co-Investors"**) and/or Shari'ah compliant debt.

There can be no assurance that the Fund will achieve its investment objectives, including its target return to Unitholders. Potential Investors are referred to the section headed "RISK FACTORS" for a summary of certain of the risks involved.

Fund Manager

Kuwait Financial Centre S.A.K. ("Markaz"), a closed shareholding company incorporated under the laws of the State of Kuwait, will act as the manager of the Fund (the **"Fund Manager"**), pursuant to the Fund Management Agreement between the Fund Company and the Fund Manager, and, as such, will be responsible for the conduct of the business and day-to-day affairs of the Fund. Through the Fund Management Agreement, the Fund Company will delegate its powers to invest the Fund's assets, and to manage and dispose of the Fund's Investments, to the Fund Manager in its capacity as manager of the Fund. Pursuant to the Fund Management Agreement, the Fund Manager will be fully authorised to invest the Fund's assets and to manage and dispose of Investments on behalf of the Fund, in full accordance and compliance with the Fund's investment strategy, objective and policies.

III. SUMMARY OF PRINCIPAL TERMS AND CONDITIONS

The following summary is qualified in its entirety by reference to the detailed information included elsewhere in this Placement Memorandum and should be read in conjunction with the full text of this Placement Memorandum, and by reference to the agreements and other documents described in this document. Prospective investors are strongly advised to review all the sections of this Placement Memorandum.

Fund Company

Markaz Real Estate Opportunities Fund Company B.S.C. (c) is a closed joint stock company incorporated with limited liability under the laws of Bahrain, for the establishment of the Fund, to enter into agreements on behalf of the Fund. The Fund Company will, by way of the Instrument, create Units in the Fund for which prospective investors will be invited to subscribe.

The term of the Fund Company shall commence from the date of registration of the Fund Company, 26 August 2006 in the Commercial Register, and shall end on the date of de-registering the Fund Company in the Commercial Register.

Fund

The Fund is **an Exempt close-ended** Fund established by the Fund Company and designed to permit prospective investors to participate in a professionally managed portfolio of real estate and real estate related investments in the GCC and wider MENA region. The Fund was established pursuant to the Instrument dated 17 September 2006.

Investment Objectives

To achieve a compounded annual return of net 18% over the Term of the Fund, net of all incentive and other fees paid to the Placement Agent, the Fund Manager, the Administrator, the Custodian, the Registrar and all fees, costs or expenses paid to the Auditors, the legal counsel and other professional advisers (including the Shari'ah Committee) and any applicable taxes; by investing in a portfolio of properties and real estate development projects in the GCC and wider MENA region, which the Fund Manager believes are poised for increases in rents, land value and/or market value or which otherwise provide opportunities to generate capital appreciation and/or extract attractive ongoing returns. The Fund will make such Investments that would generate internal rates of return of at least 20%, depending on the market and the risk profile of each such Investment.

There can be no assurance that the Fund will achieve its investment objectives, including its target return to Unitholders. (See "Risk Factors").

Diversification:	<p>Under normal market conditions, at least 70% of the aggregate Commitments will be invested in real estate development projects and not more than 25% in income producing properties. Furthermore, it is envisaged that not more than 50% of the aggregate Commitments will be invested in a single country within the Target Markets. The Fund's compliance with these percentage limitations is measured solely at the time the investment is made.</p> <p>The Fund Manager may exceed the above limitations at its own discretion, after having obtained the approval of the CBB.</p>
Fund Manager	<p>Kuwait Financial Centre S.A.K. has been appointed as fund manager pursuant to a Fund Management Agreement with the Fund Company, and will act as the manager of the Fund and, as such, will be responsible for the conduct of the business and affairs of the Fund.</p>
Offering	<p>The Fund is offering up to 200 million Units for aggregate capital commitments of US\$200 million (the "Commitments"), at US\$ 1.00 per Unit, plus a Placement Fee of 2%, from Accredited Investors.</p>
Minimum Commitment	<p>The Minimum Commitment by any prospective investor shall be Two Hundred and Fifty Thousand US Dollars (US\$250,000), provided that the Fund Manager may, in its absolute discretion, accept individual Commitments of lesser amounts.</p>
Fund Manager's Commitment	<p>The Fund Manager shall at all times own a minimum of five percent (5%) of the outstanding Units of the Fund.</p>
Closings:	<p>The Fund will hold its initial closing as soon as the Fund Manager accepts subscription for Commitments totalling at least US\$50 million (the "Initial Closing"). The Fund Manager currently anticipates that the Initial Closing will take place during November 2006. Staged closings for subsequent commitments may be held at any time within twelve (12) months after the date of the Fund's Initial Closing, the last of which will be the Fund's final closing (the "Final Closing").</p>
Term:	<p>The term of the Fund will be five (5) years from the date of the Fund's Initial Closing, and may be extended by the Fund Manager by two one-year periods ;</p>
Investment Period:	<p>At the end of the earlier of (i) a period of three (3) years from the Fund's Initial Closing or (ii) the time when 80% of the Commitments have been fully invested (the</p>

"Investment Period"), all Unitholders will be released from any further obligation with respect to their unused Commitments to purchase Units, except to the extent necessary to: (a) cover expenses, liabilities and obligations of the Fund, including the payment of the Management Fees, Organizational Expenses and Fund Expenses; (b) complete investments by the Fund in transactions which were in process as of (or contemplated by the terms of securities held by the Fund or any of its portfolio entities prior to) the end of the Investment Period; and (c) effect follow-on investments in existing investments up to an aggregate maximum of 15% of the total Commitments.

Initial Contribution:

Each prospective investor is required to make an initial contribution representing 25% of its Commitment amount (the **"Initial Contribution"**), upon acceptance by the Fund Manager of the Subscription Agreement of such investor (see *"Subscription requests"* below).

**Capital Contributions;
Subsequent closings:**

During the Investment Period of the Fund, each Unitholder will be required to make further capital contributions (each a **"Capital Contribution"**) to the Fund, upon not less than 15 calendar days' written draw-down notice, in an aggregate amount up to such Unitholder's Commitment.

Units will be issued to Unitholders from time to time upon the making of Capital Contributions in connection with the draw-downs. The Units issued upon payment of each Capital Contribution by a Unitholder (including its Initial Contribution) will be issued as fully paid Units, in registered form in the Unitholder's name in the Register of the Unitholders. The Fund Manager will issue a notice to confirm each Unitholder's contribution, and no physical certificates will be issued.

The Initial Contribution of each Unitholder admitted to the Fund at a subsequent closing will be in an amount sufficient to cover: (a) the Placement Fee payable to the Placement Agent in respect of such Unitholder's Commitment (see *"Placement Agent; Placement Fees"* below); (b) such Unitholder's proportionate share of all Management Fees and Organisational and other expenses paid with the proceeds from prior draw-downs; and (c) such Unitholder's proportionate share of the original cost of all Investments (if any) made by the Fund prior to such closing; provided that the amount payable under clause (c) will be increased or decreased to the extent necessary to reflect any increase or decrease in the fair market value of such Investments (as determined in good faith by the Fund Manager in its sole discretion); which increase or

decrease over the original cost of such Investments shall be booked to the Fund.

As a result of the above-described procedures for subsequent closings, the Units acquired by a Unitholder admitted at a subsequent closing, and such Unitholder's percentage interest in the Fund, will be the same as if such Unitholder's Commitment had been included in the Fund's Initial Closing.

**Subscription Requests;
Acceptance of Subscription
Agreements:**

Subscriptions for Units may be made by completing and sending to the Fund Manager the applicable Subscription Agreement. The Fund Manager/Placement Agent will confirm the acceptance of a prospective investor's subscription by signing the Acceptance sheet (the "**Acceptance**"), as set out in this Placement Memorandum. Following which, the subscriber shall pay in cash an amount equal to its Initial Contribution. The Initial Contribution will equal twenty five percent (25%) of the prospective investor's Commitment as is determined by the Fund Manager/Placement Agent prior to acceptance of the Unitholder's Subscription Agreement, and this percentage will be the same for all Unitholders whose subscriptions are accepted at the Initial Closing or any subsequent closing thereafter.

The Fund Manager/Placement Agent, in its sole discretion, may decline to accept the subscription of any prospective investor.

Units:

The Units will be issued in registered form in the Unitholder's name in the Register of the Unitholders. The Fund Manager will issue a notice to confirm each Unitholder's Capital Contribution, and no physical certificates will be issued.

The Units will rank pari-passu in all respects with each other, and will carry no voting rights at meetings of the general assembly of the Fund Company.

The subscription price for Units will be calculated at the relevant time in the manner appearing above in "*The Offering*" and "*Capital Contributions; Subsequent Closings*".

All Units issued as part of any drawdown will be issued to the Unitholders at the same price per Unit.

Investment Structure:

The Fund will make its Investments either directly or through one or more Property Company or other acceptable and appropriate means such as investment

portfolios or entities established under the laws of the jurisdiction in which the relevant Investment is being made, within the Target Markets. Such Property Companies may take different forms depending on the type of project and the laws of the relevant country within the Target Markets, including but not limited to joint ventures or limited liability companies. Each such Property Company or other entity to be incorporated or otherwise established will be for the sole purpose of directly or indirectly holding such Investments. Each Property Company will be capitalised with equity from either the Fund Company acting on behalf of the Fund, and from the Co-Investors and/or Shari'ah compliant debt.

Shari'ah Compliance:

The Fund Manager intends that the Fund will make its Investments and conduct its affairs in a manner complying with Islamic Shari'ah and, in that regard; the Fund Management Agreement will require the Fund Manager to comply with the guidelines of the Shari'ah Committee as set forth in this Placement Memorandum. The Fund Manager has retained AlMashora and AlRaya for Islamic Financial Consultancy to act as a Shari'ah committee, (the "**Shari'ah Committee**"), the initial members of which are Dr. Abdul-Aziz Khalifa Al-Qassar, Dr. Eissa Zaki Eissa and Dr. Ali Ibrahim Al-Rashed.

The Shari'ah Committee has reviewed the proposed structure, strategy and operations of the Fund as described in this Placement Memorandum, and has provided a certification ("**Fatwa**") that such structure, strategy and operations are compliant with the principles and precepts of Shari'ah. The Shari'ah Committee will also provide ongoing supervision and oversight of the operations, policies and activities of the Fund to ensure their compliance with Shari'ah Principals. The decisions of the Shari'ah Committee are of binding effect on the Fund.

Distributions:

The Directors shall have absolute discretion in electing to distribute the proceeds resulting for the sale and/or liquidation of an investment ("**Distributable Funds**") to Unitholders or otherwise retain Distributable Funds for the purpose of (i) reinvesting such Distributable Funds into existing or new investment opportunities in case such distribution occurs during the Investment Period and (ii) maintaining adequate reserves for expenses and other obligations of the Fund, including provisions for Management Fee, Performance Fee and Clawback.

Notwithstanding the foregoing, the distribution of Distributable Funds will be made subject to the following order of priority:

- a. First: 100% to Unitholders in proportion to their

Capital Contributions, until such Unitholders have received (i) their Capital Contributions with respect to the sold or liquidated investment; and (ii) the Management Fee and Fund Expenses;

- b. Second: 100% to Unitholders until such Unitholders have received an internal rate of return equal to 10% p.a. (compounded annually) on amounts included in section a (i) and (ii) above (the "**Preferred Return**"); and
- c. Thereafter: 80% to Unitholders in proportion to their Capital Contributions in the sold or liquidated investment, and 20% to the Fund Manager as its carried interest which shall be first applied to any amount due by the Fund Manager to the Unitholders as a result of the Clawback provision.

Clawback

At each distribution and upon the termination and final liquidation of the Fund, the Fund Manager will be required to restore funds to the Fund to the extent that either: (i) it has received cumulative distributions with respect to its carried interest that are in excess of 20% of the Fund's net gain over the Preferred Return; or (ii) it has received any distributions with respect to its carried interest, but the Unitholders have not received their Preferred Return in its entirety. Such restored funds will be distributed among the Unitholders.

However, in no event will the Fund Manager be required to restore an amount greater than the cumulative distributions received by the Fund Manager with respect to its carried interest less income taxes thereon, if any.

The Fund Manager shall immediately accrue the Clawback arising out of an adverse change in the fair value of the Fund's Investments, or out of the passage of time whereby the value of the Investments does not appreciate to offset the accruing Preferred Return.

Capital Re-Draw

Capital Contributions drawn-down and returned to Unitholders pursuant to a distribution will be subject to recall by the Fund if (a) such a distribution has been made pursuant to a subsequent closing held prior to the Final Closing of the Fund, (b) such a distribution resulted from the sale or disposition of an Investment during the Investment Period, and (c) such a distribution was made within 45 days from the date of draw-down of Capital Contributions where such Contributions were made into an un-consummated Investment (a "**Broken Deal**").

The amount of all such Capital Contributions, save for Contributions used to pay Management Fee and Fund Expenses, returned to Unitholders pursuant to the above, will be added back to each Unitholder's Commitment and

will be subject to recall and re-draw by the Fund.

Organisational Expenses;

The Fund will bear all legal and other organisational expenses, including the out-of-pocket expenses of the Fund Manager but excluding placement fees, incurred in connection with the formation of the Fund and the offering of Units, up to an amount equal to two hundred thousand US Dollars (US\$200,000). To the extent that such organisational expenses exceed US\$200,000, such excess will be borne by the Fund Manager.

Placement Agent; Placement Fees:

The Fund Manager will act as the exclusive placement agent for the Fund, and will receive a placement fee (the "**Placement Fees**") of 2% of the Unitholder's Commitment, as more fully described in the section "*Fees and Expenses*", and will be paid concurrently with such Unitholder's Initial Contribution.

The payment of the Placement Fee by a Unitholder will not constitute a Capital Contribution for any purpose, including the computation of the Performance Fee. Accordingly, the payment of the Placement Fee by a Unitholder will not reduce the Unitholder's unused Commitment, and no Units will be issued to the Unitholder on account of such payment.

Fees Payable to the Fund Manager: Management Fee

The Fund will pay the Fund Manager an annual fee (the "**Management Fee**") in an amount of:

- (a) During the Investment Period: 1.75% of the aggregate Commitments of the Unitholders,
- (b) After the Investment Period: 1.75% of the Capital Contributions of the Unitholders (less the acquisition cost of any Investments that have been realized or written off).

The Management Fee will be paid in arrears on the first day of each calendar month, and will be calculated by reference to the aggregate Commitments or the Capital Contributions of the Unitholders, as the case may be, as of the last day of the immediately preceding calendar month.

The Management Fee will be reduced by certain transaction and other fees earned by the Fund Manager from third parties in connection with the Investments (the "**Additional Fees**"), at the Fund Manager's sole discretion, as more fully described in the section headed "*Fees and Expenses*".

Fees Payable to the Fund Manager: Performance Fee

To the extent that distributions from the Fund would result in Unitholders achieving an internal rate of return on their

Capital Contributions equal to 10% (compounded annually from the date of drawdown) (the "**Preferred Return**"), the Fund Manager will be entitled to receive a fee equal to 20% of the distributions in excess of the Preferred Return, as its carried interest (the "**Performance Fee**") as fully described in "*Distributions*" above.

At each distribution and upon the termination and final liquidation of the Fund, the amount of Performance Fee received by the Fund Manager will be first applied towards settling any amount due by the Fund Manager to the Unitholders as a result of the Clawback provision.

Fund Expenses

The Fund shall bear the following costs and expenses, and shall promptly reimburse the Fund Manager to the extent that any of such costs and expenses are paid by the Fund Manager: (i) the Administration and Custody Fees, the Registrar Fees, the Auditors Fees, the Registered Office Fees, and fees of advisers including tax advisers, legal counsel and other consultants; (ii) all third party out of pocket costs and expenses, if any, incurred in developing, negotiating, structuring, acquiring, holding, refinancing, pledging or disposing of Investments, including, without limitation, brokerage, third party finders' fees and custodial fees and expenses; (iii) all fees related to any proposed investment that was not completed (i.e. broken-deal expenses); (iv) the costs of any litigation, insurance, indemnifications or extraordinary expenses or liability relating to the affairs of the Fund; (v) expenses of liquidating or dissolving the Fund; (vi) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (vii) all un-reimbursed out of pocket expenses for payments made to or on behalf of the Fund or other costs of the Fund; and (viii) the expenses associated with the convening of the meetings of the Unitholders' Advisory Board.

Other Expenses of the Fund Manager

The Fund Manager shall be reimbursed by each of the Property Companies for all out-of-pocket expenses incurred in connection with the establishment of and on-going operations of such Property Companies, including the expenses related to the on-site supervision of the development projects, travel and other similar out-of-pocket expenses.

Unitholders' Advisory Board

The Fund Manager shall appoint a Unitholders' Advisory Board comprising of a minimum of (3) of the largest Unitholders in the Fund. The purpose of this Unitholders' Advisory Board is to (i) review the valuations of Investments; (ii) review and approve or disapprove any potential conflicts of interest between the Fund Manager

and the Fund; and (iii) provide guidance on other issues brought to it by the Fund Manager. No fees shall be paid to the members of the Unitholders' Advisory Board. The Advisory Board will be determined no later than the first anniversary of the Initial Closing. The recommendations of the Unitholders' Advisory Board are non-binding on the Fund Manager.

Liability of Unitholders:

In general, Unitholders will be liable for obligations of the Fund only to the extent of their Commitments. No Unitholder will be obligated to make any additional Capital Contribution in excess of its Commitment for any liability or for the repayment and discharge of the debts and obligations of the Fund, except for the payment of the Placement Fee to the Placement Agent or as may otherwise be required by applicable law.

Defaults:

The failure of a Unitholder to pay its Capital Contributions pursuant to the draw-down notices will, in the absence of a default being remedied together with amount of actual damages sustained, render the Unitholder who has defaulted (the "**Defaulting Unitholder**") liable to one or more of the following, at the Fund Manager's discretion:

- (i) having all or part of its Units sold to one or more non-defaulting Unitholders or third parties as the Fund Manager may in its sole discretion determine at a price equal to 75% of its Units' NAV;
- (ii) Forfeiting all or part of its allocable share of future distributions, other than in respect of a return of capital, in connection with Investments made prior to its default, but continuing to be subject to losses or reduction in value on such Investments;
- (iii) Being excluded from future draw-downs of Capital Contributions for (and the right to participate in the proceeds of) future Investments by terminating its unfunded Commitment;
- (iv) Having the amount of such default (together with amount of actual damages sustained) offset against any future distributions to which such Defaulting Unitholder may remain entitled; and/or
- (v) Institute proceedings to recover the default amount.

The above remedies shall be exercised at the sole discretion of the Fund Manager, who may waive any and all of such remedies against a Defaulting Unitholder.

- Certain Risks:** An investment in the Fund involves a high degree of risk. Please see "**RISK FACTORS**" for a more complete description of certain of these risks.
- Other Investment Activities:** The Fund Manager will not organize, or act as the sponsor or manager of a real estate fund that invests in projects that are targeted by the Fund until at least 80% of the Commitments have been fully invested, or until the end of the Investment Period.
- Notwithstanding the foregoing, the Fund Manager may continue to engage actively in other real estate activities, including investment activities, which may involve certain conflicts of interest with the Fund. See "**CONFLICTS OF INTEREST**".
- Indemnification:** The Fund will indemnify and hold harmless its directors, officers and employees, the Fund Manager and its employees, officers, directors, agents and affiliates, and the Fund Company and its employees, officers, directors, agents and affiliates, (each an "**Indemnified Person**"), against claims, liabilities, costs and expenses, including legal fees, judgments and amounts paid in settlement, incurred by them by reason of their activities on behalf of the Fund, except to the extent such claims, liabilities, costs and expenses result from such an Indemnified Person's gross negligence or wilful misconduct.
- Transfer of Units:** No Unitholder may assign, sell, hypothecate or otherwise encumber or transfer any of its Units except under certain limited circumstances and with the prior written consent of the Fund Manager and the Directors, which consent may be granted or denied in the Fund Manager's and the Directors' sole discretion.
- Compulsory Redemption:** The Unitholders will not be entitled to require the Fund Company to redeem any and all of the Units they hold in the Fund during the Term of the Fund.
- The Board is entitled to compulsorily redeem all or any portion of the Units that are owned directly or beneficially by any person whose ownership thereof gives rise to a breach of any applicable law or regulation in any jurisdiction or may, either alone or together with ownership of Units by other Unitholders, result in certain adverse events, as determined by the Directors in their sole discretion.
- Reports to Unitholders:** The Fund will furnish Unitholders with audited financial statements on an annual basis and un-audited financial statements on a quarterly basis.

Auditors

PricewaterhouseCoopers Bahrain Limited

IV. THE OFFERING

The Fund is seeking up to US\$200 million in aggregate Commitments from Accredited Investors for the purchase of up to 200,000,000 Units being issued by the Fund Company at US\$1/- per Unit through the Instrument dated 17 September 2006. The Fund will hold its initial closing as soon as the Fund Manager/ Placement Agent accept subscriptions for Commitments totalling at least \$50 million. The Fund Manager currently anticipates that the Initial Closing will take place during November, 2006. Staged closings for subsequent Commitments may be held at any time within twelve (12) months after the date of the Fund's Initial Closing.

Subscriptions

Subscriptions for Units may be made by completing and sending to the Fund Manager/Placement Agent the Subscription Agreement (Appendix A). The Fund Manager/Placement Agent will confirm the acceptance of a prospective investor's subscription by signing the Acceptance sheet (the "**Acceptance**"), as set out in this Placement Memorandum. Following which, the subscriber shall pay in cash an amount equal to its Initial Contribution. The Initial Contribution will equal such percentage of the investor's Commitment as is determined by the Fund Manager/Placement Agent prior to acceptance of the investor's Subscription Agreement, and this percentage will be the same for all investors whose subscriptions are accepted on the same date. The Fund Manager/Placement Agent, may decline to accept the subscription of any prospective investor.

Additional Units will be issued to Unitholders from time to time upon the making of Capital Contributions in connection with future draw-downs. The Units issued upon payment of each Capital Contribution by a Unitholder (including its Initial Contribution) will be issued as fully paid Units, in registered form in the Unitholder's name in the Register of the Unitholders. The Fund Manager will issue a notice to confirm each Unitholder's Capital Contributions and no physical certificates will be issued.

All prospective investors must meet the suitability requirements described under "*Suitability*" below.

Minimum Commitment

The Minimum Commitment is Two Hundred and Fifty Thousand US Dollars (US\$250,000), provided that the Fund Manager may accept individual Commitments of lesser amounts in its sole discretion.

Drawdowns of Unitholders' Commitments

Each Unitholder is required to make its Initial Contribution upon acceptance by the Fund Manager/Placement Agent of the Subscription Agreement of such Unitholder. During the Investment Period of the Fund, the first three years after the Initial Closing of the Fund, each Unitholder will be required to make further Capital Contributions to the Fund, upon not less than 15 calendar days' prior written notice, in an aggregate amount up to such Unitholder's Commitment. The Fund Manager will consider a facsimile receipt as proof that the request for Capital Contributions has been submitted.

Suitability

All investors must be: (i) non-U.S. Persons and (ii) "Accredited Investors" as defined under Regulation D of the Act.

The term "**U.S. Person**" means, with respect to individuals, any U.S. citizen (and certain former U.S. citizens) or "resident alien" within the meaning of U.S. income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under U.S. income tax laws to generally include any individual who: (x) holds an Alien Registration Card (a "green card") issued by the U.S. Immigration and Naturalization Service; or (y) meets the "substantial presence" test. The "substantial presence" test is generally met with respect to any calendar year if: (A) the individual was present in the U.S. on at least 31 days during such year; *and* (B) the sum of the number of days on which such individual was present in the U.S. during the current year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days. With respect to persons other than individuals, the term "**U.S. Person**" means: (1) a corporation or partnership created or organized in the United States or under the laws of the United States or any state; (2) a trust where (i) a U.S. court is able to exercise primary supervision over the administration of the trust and (ii) one or more U.S. persons have the authority to control all substantial decisions of the trust; and (3) an estate which is subject to U.S. tax on its worldwide income from all sources. The term "U.S. Person" also means any individual or entity that would be a "U.S. Person" under Regulation S of the Act.

Each subscriber for Units will be required to certify to the Fund, among other things, that such subscriber's Units are not being acquired and will not at any time be held for the account or benefit, directly or indirectly, of any U.S. Person or any non-U.S. Person that does not satisfy the above-described requirements for non-U.S. Persons. Unitholders are required to notify the Fund Manager immediately of any change in such information.

Non-Qualified Persons

The Units being offered may not be purchased or held by or for the benefit of any Non-Qualified Persons (as defined hereinafter) at any time. Unitholders who are Non Qualified Persons will be required to dispose of such Units either through redemption or by transfer to a qualified person subject to applicable laws.

IT IS THE RESPONSIBILITY OF EACH UNITHOLDER TO VERIFY THAT IT IS NOT A PERSON THAT WOULD BE PROHIBITED FROM OWNING UNITS ISSUED BY THE FUND.

Each prospective investor is urged to consult with its own advisors to determine the suitability of an investment in the Units, and the relationship of such an investment to the investor's overall investment programme and financial and tax position. Each investor is required to represent that, after all necessary advice and analysis, its investment in the Fund is suitable and appropriate, in light of the foregoing considerations. The fund will only be marketed to Accredited Investors.

Each prospective investor will be required to agree that no Units, nor any interest therein, may be assigned or otherwise transferred without the prior consent of the Fund Manager, which consent may be granted or denied in the sole discretion of the Fund Manager, and that, prior to considering any request to permit the transfer of Units, the Fund Manager may require the submission by the proposed transferee of a certification as to the matters referred to in the

preceding paragraphs as well as such other documents as the Fund Manager considers necessary.

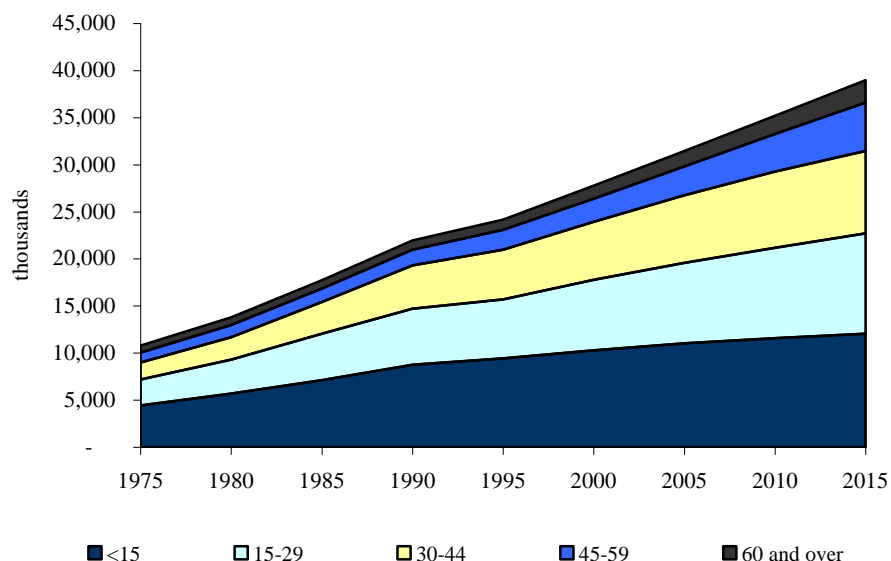
V. INVESTMENT STRATEGY

The objective of the Fund is to generate favourable returns from investing in real estate projects in the GCC and the MENA regions. The Fund Manager believes that the countries in the Target Market are undergoing fundamental changes which consist of favourable demographics, economic deregulation, and improved purchasing power that will continue to strongly impact the demand for all types of real estate products, and would create attractive investment opportunities for the Fund.

To capture such opportunities, the Fund Manager intends to invest primarily, directly or in partnership with local and regional developers, in the acquisition of land and the development of houses, residential properties, office properties, retail stores, logistics, leisure and other property types which will benefit from the emerging trends.

Demographics:

The countries comprising the GCC have experienced a dramatic increase in population in the last 30 years. The CAGR from 1975-2005 for the six member countries was approximately 3.6%, with UAE in the lead with 7.4%. According to United Nation's Department of Economic and Social Affairs, the aggregate population of the member states is expected to reach close to 40 million in the year 2015 (currently approximately 32 million). Currently, more than 85% of the population is be under the age of 44, representing the major driving force in real estate demand. The countries with the youngest population within the GCC are Saudi Arabia and Oman with more than 65% of their respective populations under the age of 30.

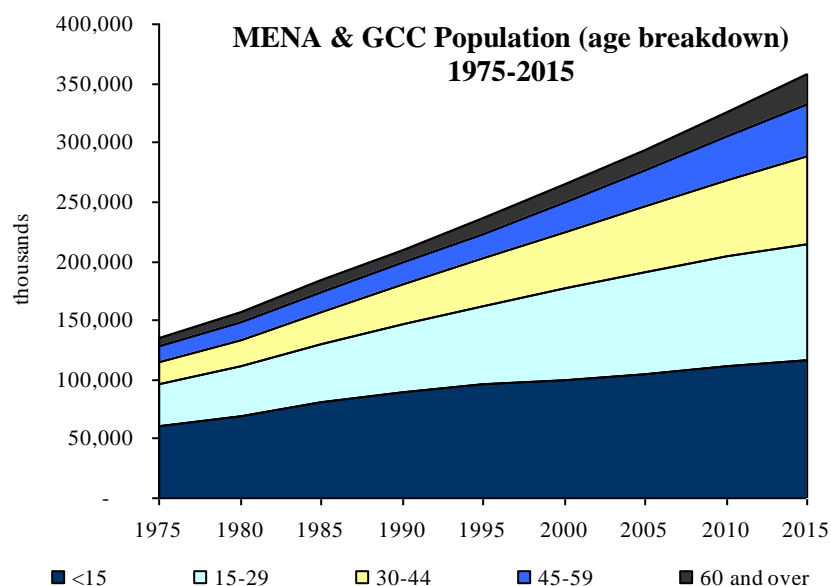


According to UN estimates, it is expected that the aggregate GCC population to reach close to 39 million in 2015 – an increase of 24% from 2005. The current and expected breakdown of the population according to age in the GCC countries is as follows:

Age	2005	2010	2015
<15	11,021	11,563	12,047
15-29	8,559	9,617	10,664
30-44	7,166	8,077	8,753
45-59	3,060	4,001	5,143
60 and over	1,633	1,924	2,385
TOTAL	31,439	35,182	38,992
% increase from 2005		12%	24%

In 2005, the GCC countries' population represented approximately a little more than 10% of the total MENA & GCC population. The MENA & GCC population, as of end of 2005, was approximately 294 million, with 84% under the age of 44. The CAGR of the population from 1975-2005 for the MENA & GCC countries was approximately 2.6%, with Yemen and Jordan in the lead with 3.7%. The country with the youngest population within the MENA & GCC is Yemen with more than 72% of its population under the age of 30.

GCC Population (age breakdown) 1975-2015



According to UN estimates, it is expected that the aggregate MENA & GCC population to reach more than 357 million in 2015 – an increase of more than 20% from 2005. The current and expected breakdown of the population according to age in the MENA & GCC countries is as follows:

Age	2005	2010	2015
<15	104,742	110,870	116,826
15-29	86,051	92,977	97,628
30-44	54,886	63,668	73,972
45-59	30,613	37,209	43,726
60 and over	17,398	20,444	24,978
TOTAL	293,690	325,168	357,130
% increase from 2005		11%	22%

Economic Indicators:

(US\$ million, unless otherwise stated)	GDP (at current prices)	GDP per capita (\$)	Real GDP Growth 2005 (%)	Trade balance	Current account balance	Forecast current account balance (2006)
Bahrain	11,604	15,412	6.5	1,023	411	900
Kuwait	66,900	23,069	9.1	23,800	19,200	22,000
Oman	29,735	11,890	4.0	5,395	436	2,100
Qatar	38,200	44,500	10.0	16,800	9,300	9,500
Saudi Arabia	266,846	10,936	6.5	84,616	87,100	117,000
UAE	112,429	22,643	10.0	28,000	12,700	24,000
Total GCC	525,714	16,722	7.7	159,634	129,147	175,500
Algeria	93,000	2,853	6.0	22,600	15,200	12,000
Egypt	97,862	1,284	4.9	(10,377)	2,894	3,200
Gaza/West Bank	3,923	1,268	8.7	(2,514)	(699)	(819)
Iraq	33,200	942	2.6	4,900	4,780	NA
Jordan	11,515	2,173	5.0	(3,376)	18	207
Lebanon	22,200	4,826	0.0	(7,650)	(2,389)	(2,075)
Libya	37,700	6,981	4.3	9,259	14,891	17,389
Morocco	51,600	1,732	1.3	(8,500)	900	700
Sudan	28,050	790	8.2	497	(1,989)	(372)
Syria	26,300	1,513	3.8	(3,166)	-	379
Tunisia	30,600	3,060	5.0	(2,656)	(900)	(100)
Yemen	15,935	614	3.0	617	1,214	756
Total MENA	977,599	3,699	5.5	159,268	163,067	206,765

(US\$ million, unless otherwise stated)	Budget surplus / deficit	Budget surplus / deficit as % of GDP	Inflation (%)	External debt (end-2005)	External debt as % of GDP	Foreign currency reserves
Bahrain	NA	NA	5.0	6,833	55.0	1,823
Kuwait	18,100	27.0	3.5	15	0.0	8,893
Oman	1,667	5.4	1.6	NA	NA	4,441
Qatar	5,000	13.0	8.0	16,000	42.0	3,560
Saudi Arabia	57,707	22.0	0.4	0	0.0	86,500
UAE	855	0.8	4.7	15,300	18.0	23,000(Dec)
Total GCC	83,329	15.9	3.9	38,148	7.2	128,217
Algeria	8,370	0.5	3.1	17,000	18.3	56,000
Egypt	(8,234)	-8.4	5.0	28,949	29.6	22,128.9(Jan)
Gaza/West Bank	(618)	13.9	3.0	NA	NA	NA
Iraq	NA	NA	20.0	154,000	NA	NA
Jordan	(635)	4.5	3.4	7,213	65.6	5,070 (Oct)
Lebanon	(1,261)	-4.5	2.0	18,894	94.1	10,521(Sep)
Libya	9,198	24.4	1.8	NA	NA	33,800
Moraco	2,838	-5.5	2.0	15,583	30.2	16,000
Sudan	(179)	-0.6	10.5	27,000	96.1	NA
Syria	(579)	-4.0	10.0	6,918	29.2	19,100
Tunisia	(638)	-2.3	2.9	17,503	57.2	5,700
Yemen	NA	NA	14.5	5,070	48.2	5,009
Total MENA & G¹	91,591	9.4	6.5	336,278	34.3	173,329

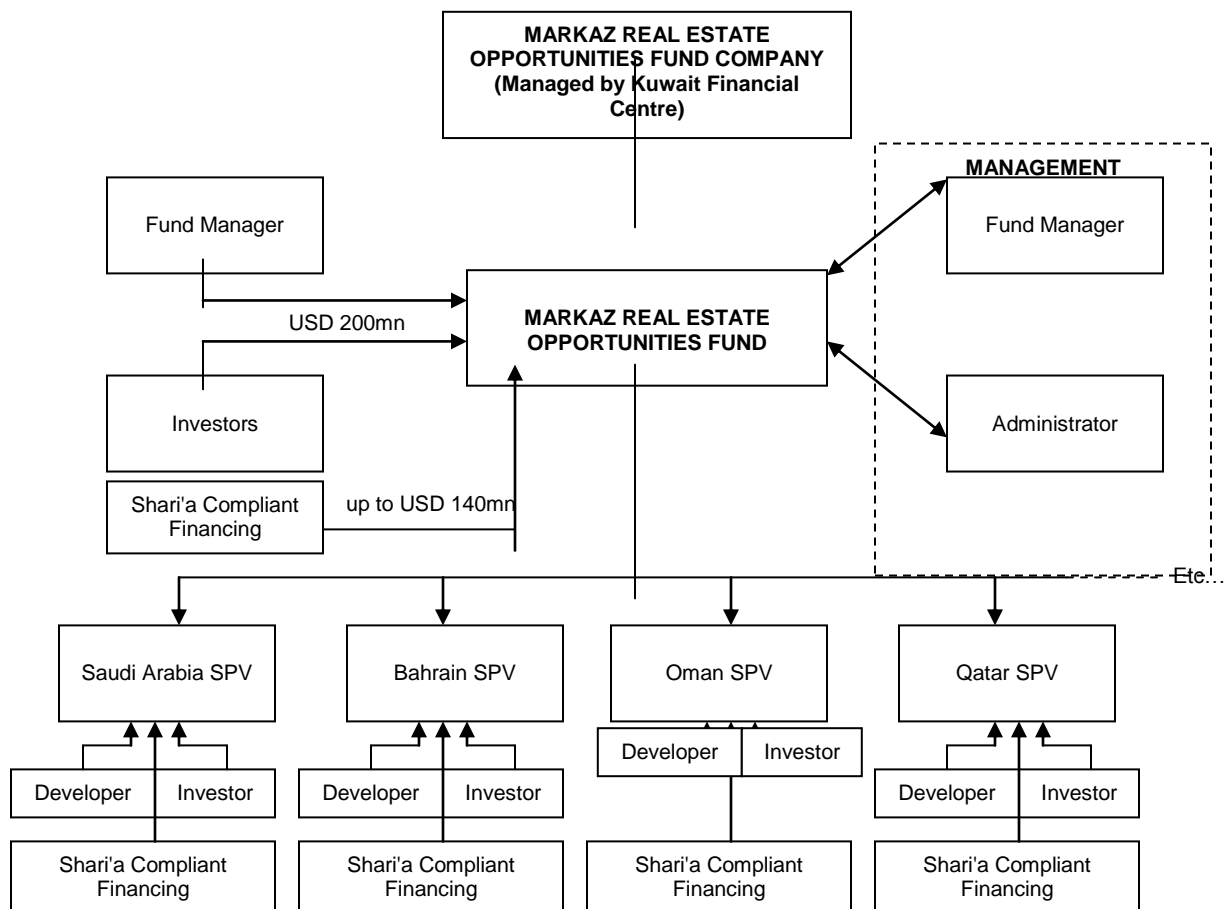
Sovereign rating

	CI	S&P	Moody's	Fitch
Bahrain	BBB+	A-	Baa1	A-
Kuwait	A+	A2	AA-	AA-
Oman	BBB+	BBB+	Baa2	NR
Qatar	A+	A+	A1	NR
Saudi Arabia	A+	A	Baa2	A
UAE	A+	A1	NR	NR
Algeria	NR	NR	NR	NR
Egypt	BB+	BB+	Ba1	BB+
Gaza/West Bank	NR	NR	NR	NR
Iraq	NR	NR	NR	NR
Jordan	BB	BB	Ba2	NR
Lebanon	B-	B-	B2	B-
Libya	NR	NR	NR	NR
Moraco	BB	BB+	Ba1	NR
Sudan	NR	NR	NR	NR
Syria	NR	NR	NR	NR
Tunisia	BBB	BBB	Baa2	BBB
Yemen	B-	NR	NR	NR

VI. INVESTMENT STRUCTURE

The Fund will make its Investments either directly or indirectly through Property Companies in partnership with local or regional developers, dedicated to this kind of investment in the relevant Target Markets. Each such Property Company will be capitalized with equity from the Fund Company acting on behalf of and for the account of the Fund, and from Co-Investors, and/or Shari'ah compliant debt.

Investment Structure



VII. INVESTMENT OBJECTIVES AND POLICIES

The Fund's investment objective is to generate a compounded annual return of net 18% over its Term by investing in a diversified portfolio of real estate investments. These returns will consist primarily of capital gains generated from developing and selling real estate properties, and appreciation of rental properties that will be owned directly or indirectly by the Fund. There can be no assurance that the Fund's investment objectives will be achieved.

The Fund will invest, either directly or indirectly in real estate development projects which are expected to generate IRRs of at least 20%. Such projects will be compliant with Islamic Shari'ah. The Fund can invest in all types of real estate or real estate-related investments, through joint ventures, real estate partnerships or real estate investment funds. The Fund's investments may be in form of equity or other Shari'ah compliant financing structures.

The Fund's Investments will be made in the countries of the GCC and the MENA regions, including but not limited to, Kuwait, Kingdom of Saudi Arabia, Kingdom of Bahrain, Oman, UAE, Qatar, Lebanon, Syria, Jordan, Iraq, Egypt, Morocco and others.

The Fund shall acquire real estate assets both directly or indirectly through special-purpose vehicles, the Property Companies, taking into account the various legal, tax and other issues relevant to each jurisdiction in which an Investment is being made. The sole purpose of these Property Companies shall be the acquisition, leasing, development, and sale of all types of real estate assets. The Fund Company and the Fund Manager shall ensure that all the applicable laws are complied with at all times, wherever the Investments are made.

Investment types

The Fund shall invest primarily in the acquisition of land and the development of houses, residential properties, office properties, retail stores, logistics, leisure and other property types. The Fund may also acquire income properties. The investments made by the Fund may include:

- Freehold of land and buildings held for income or for development and sale, with the intention to generate short term or medium term profit;
- Leasehold of land or buildings; especially when entering into B.O.T projects granted by the government or private parties, when making investments in jurisdictions where the Fund is prohibited from owning properties, when financing projects owned by third parties, when procuring Ijara financing, or for other reasons as deemed appropriate by the Fund Manager;
- Listed common or preferred stocks or convertible financing of companies involved in Real Estate activities. The Fund may invest in the listed common or preferred stock of companies whose business involves real estate;
- Units in real estate investment funds that lease, manage, acquire, hold mortgages on, and develop real estate;
- Ownership interest in limited partnerships, limited liability companies, joint ventures, joint ownerships involved in real estate-related activities, including owning, financing, or developing properties.

Temporary Investments

At times, when the market conditions are not conducive to investment opportunities suitable for the Fund, a significant percentage of the Fund's assets may be invested in liquid assets such as Shari'ah compliant debt securities, short-term money market instruments, marketable securities and other liquid financial instruments (the "**Temporary Investments**"). The objective of such investments will be to maximize returns on surplus cash. These investments are temporary in nature, and are made to either (i) maintain appropriate cash reserves, and/or (ii) will be liquidated when appropriate investment opportunities are identified.

Diversification

The Fund will seek to diversify its portfolio among various types of investments and across geographic locations. The level of diversification will depend upon the different types of investment opportunities available in the different markets. Under normal market conditions, the Fund will invest:

- At least 70% of aggregate Commitments in real estate development projects and
- Not more than 25% in income producing properties;
- Not more than 25% of the aggregate Commitments in a single Investment;
- Not more than 50% of the aggregate Commitments in a single country within the Target Markets.

Provided that these percentage limitations are measured solely at the time of making the Investment, and subject to the following further limitations:

- Not more than 20% of the aggregate Commitments in listed companies in the Target Markets;
- Not more than 20% of the aggregate Commitments in units of real estate investment funds, out of which not more than half would be invested in the funds that are established, sponsored and/or managed by the Fund Manager, where the Fund will be granted a waiver of the management fee charges;

The Fund's compliance with these percentage limitations is measured solely at the time the Investment is made.

The computation of percentage limitation related to listed companies above, shall not include the Property Companies that were established by the Fund and were subsequently listed as a means of exiting the Investment.

Any change to the diversification limits can be made at the sole discretion of the Fund Manager subject to the approval of the CBB.

Financing

The Fund shall obtain Shari'ah compliant financing at the level of the Fund, or on a property-by-property basis at the level of the Property Companies. The Fund's financing to total asset value is not intended to exceed seventy percent (70%) on a consolidated basis. The financing will be used for the following purposes:

- Finance the construction of the development projects;
- Acquire income properties; and/or
- To meet short-term cash requirements.

The Fund may obtain Shari'ah compliant financing from the Fund Manager or any of its affiliates on arm's length commercially reasonable terms. While the Fund does not intend to engage in commercial or real estate lending activities, it may structure its participation in Investments in the form of tax efficient Shari'ah compliant financing if such financing is being provided to a Property Company in the form of bridge or mezzanine financing; such financing will not be subject to limitations on borrowing described above. All financing expenses shall be borne by the Fund.

Due Diligence

When making an investment, the Fund manager may (without having the obligation to do so), conduct or cause to be conducted due diligence to evaluate the suitability of such investment, which expenses shall be borne by the Fund. The extent of the due diligence shall be determined by the Fund Manager, and shall depend on the market and the conditions under which the investment is made. Such due diligence may include a review of the following:

- Market Conditions
- Zoning and Use of the Property;
- Title and Ownership;
- Building Condition;
- Legal, Ownership and Contracts; and
- Financial Performance.

Property Development

The Fund may enter into contracts with developers or with project management companies to develop properties; for which the expenses shall be borne by the Fund. The development and project management fees may include fixed fees, and success fees which are linked to specific performance. In most cases, the Fund shall require the developer to participate in the equity of the projects.

Property Management and Leasing Services

The Fund will retain, when appropriate, a specialized management company to manage the Fund's properties. In addition, the Fund may also retain leasing agents, agents to market and lease properties on behalf of the Fund. All fees paid towards Property Management and Leasing Services shall be borne by the Fund.

Insurance

The Fund shall seek to obtain Shari'ah compliant insurance when available, practical and economical, to cover damages resulting from fire, theft, and to protect the Fund from certain liabilities.

Exit Strategy

When making an investment, the Fund Manager shall identify the appropriate exit strategy for such investment, and shall endeavour to execute such exit within the term of the Fund. The exit strategies shall depend on the types of investments:

- **Property development for sale:** The exit strategy shall consist of the sale of the developed properties, which may include houses, apartments for sale, offices, retail stores, industrial properties. The sale would typically start during the construction phase to end users or to investors.
- **Development or acquisition of income properties:** The Fund Company may develop or acquire such properties with a view of leasing them, stabilizing the income, and selling them individually or in bulk directly or through brokers to investors seeking current income. The Fund Company may also incorporate them into a company, and sell its shares through private placement to investors, or list such shares on an exchange. If deemed appropriate by the Fund Manager, the Fund Company may distribute the shares of such companies to the Unitholders.
- **Acquisition of shares in real estate companies:** To realise the value, the Fund may sell the properties owned by the company and liquidate the company; or, sell the shares through private placement to investors, list such shares on an exchange and sell them, or if deemed appropriate by the Fund Manager, distribute these shares to the Unitholders.

Shari'ah Guidelines

The operations, activities and Investments of the Fund shall, at all times, be conducted in compliance with the precepts of Islamic Shari'ah. To this end, the Fund Company has appointed AlMashora and AlRaya for Islamic Financial Consultancy to be the Fund's Shari'ah Committee to advise the Fund Manager and the Fund on, among others, the following matters:

- the structure of the Fund;
- the structure of the Fund's Investments and the use of special purpose vehicles in the different jurisdictions within the Target Markets, i.e. the Property Companies;
- the capital structures of such Property Companies;
- debt financing of the Fund and the underlying Property Companies;
- the types of the underlying real estate properties; and
- any and all other matter relating to the activities of the Fund.

The Shari'ah Committee has reviewed the proposed structure of the Fund and its investment strategy, objective and policies and has issued a certificate declaring the Fund to be in compliance with the requirements of Islamic Shari'ah (the "**Fatwa**").

Primarily, Shari'ah prohibits the paying or receiving of interest, although the receipt of dividends and capital gains from equity investment in Shari'ah compliant transactions is acceptable.

In addition, in compliance with the Shari'ah guidelines, the Fund will NOT invest in:

- any property with leases running to Unacceptable Tenants, nor will any space in any property after its acquisition be leased to Unacceptable Tenants. An **Unacceptable Tenant** is defined as (i) any entity whose primary business is the production, packaging, storage, sale or distribution of alcohol products, pork products, pornography, gaming and gambling products, and other activities not permissible under Shari'ah as determined by the Shari'ah Committee (the "**Unacceptable Products**")
- interest bearing investments;
- derivatives, including but not limited to, options, swaps, short sales, futures and any instrument with components involving the payment or receipt of interest; or
- forward currency transactions.

Purification

Returns derived from the Fund's Investments may comprise an amount which is attributable, for Shari'ah purposes, to impure income earned or received. Where this is the case, the amount of any return which is so attributed, will be calculated in accordance with Shari'ah guidelines and the amount so earned or received will be donated periodically by the Fund to charities with no direct or indirect benefit accruing to the Fund or any of its Uniholders.

General

The Fund Manager shall be solely responsible for the investment and divestment decisions of the Fund in accordance with the term and conditions set out in this Placement Memorandum. In accordance with the provisions of the Fund Management Agreement, the Fund Manager shall have the authority to acquire, sell, mortgage, lease properties and shall have the authority to commit the Fund Company to all types of contracts with third party contractors, developers, and service provider, hire staff on behalf of the Fund Company who will be involved in the management and operation of the properties, to establish the Property Companies for the Fund Company, at the expense of the Fund.

VIII. MANAGEMENT AND ADMINISTRATION

Fund Company

The Fund Company is a closed joint stock company incorporated under the laws of Bahrain on 22 August 2006. The business office of the Fund Company is located at the address of the Fund Manager at P.O. Box 23444 Safat, 13095 Kuwait. The registered office of the Fund Company in Bahrain is located at Gulf Custody Company, Gajria Tower, 2nd Floor, Office # 23, Gate 452A, Road 1010 Sanabis 410, Kingdom of Bahrain, P.O.Box 2400, Manama, Kingdom of Bahrain. The capital of the Fund Company is BD 1,000.

Kuwait Financial Centre SAK, a closed shareholding company incorporated under the laws of the State of Kuwait with Commercial Registration No. 21330, holds 99% of the shares of the Fund Company.

Manaf A. Alhajeri, a Kuwait National and General Manager of Kuwait Financial Centre SAK holds the remaining 1% of the shares in the Fund Company.

Directors

The Directors of the Fund Company have overall authority over, and responsibility for, the operations of the Fund Company and the Fund and will exercise supervision and control of the Fund Company and the Fund including making decisions on matters of general policy and engaging and reviewing the actions of the Fund Manager, the Custodian, the Administrator and other professional advisors to the Fund. The Fund Company may appoint new Directors and officers from time to time.

The Fund Company's Board of Directors currently consists of the following persons: Manaf A. Al-Hajeri (also Chairman and Managing Director), Ali H. Khalil (Vice Chairman and President), Sami Shabshab, Bassam N. Al-Othman and Milad A. Elia. The five Directors are also senior executives and officers of Kuwait Financial Centre S.A.K (the "Fund Manager").

Manaf A. Alhajeri, General Manager, Kuwait Financial Centre S.A.K "Markaz", since March 2004. Prior to Markaz, Mr. Alhajeri was the Deputy Director - Investments in the Kuwait Fund for Arab Economic Development (KFAED) where he played a key role in the operational and strategic management of Kuwait Fund for Arab Economic Development's US\$ 7 Billion investment portfolio. He enjoyed a rich career with KFAED and developed extensive knowledge and understanding of both the current capital market issues as well as the most efficient investments in corporate, structured and project financing.

Mr. Alhajeri's career started in 1986 as financial analyst for Kuwait Investment Authority. In 1987, he joined Kuwait Fund for Arab Economic Development where he advised on project financing activities in more than 40 developing countries in Africa, Asia, and Central Europe. Within this portfolio, he conducted first hand evaluations of technical and financing aspects on infrastructure projects in countries such as Albania, Cape Verde, Central Africa, Malta, Lebanon, Turkey, Egypt, and in at least ten other countries.

M.S in Civil Engineering from Kuwait University
 Certified Financial Manager (CFM) by the Institute of Management Accountants (IMA) in New Jersey (USA),

Ali H. Khalil, Executive Vice President, joined Markaz in 1997. In addition to being its Chief Financial Officer, Mr. Khalil heads the Investment Banking Division, which includes real estate, oil and gas, derivatives, and corporate finance. He also heads the IT, Treasury and Private Equity Departments. Since 1989, Mr. Khalil is the President of Mar-Gulf Management, a real estate investment management company based in Los Angeles, California and a fully owned subsidiary of Markaz. He is also the President of Gulf Pacific America, which is an investment fund focused on US real estate, a position he has held since 1988. At Markaz, Mr. Khalil was responsible for structuring and launching four real estate funds with over USD 700 million in assets. He also led the team that assisted in setting up the equity derivatives market in Kuwait. Within that context, Markaz structured and launched the first derivatives fund in the Middle East, with over KD 90 million in assets. Recently, Mr. Khalil led the team to structure and launch Markaz Energy Fund with a variable capital up to KD 50,000,000 targeting private service companies working in the energy sector. He is also the Vice Chairman and voting member of various Markaz committees, namely; Investment Advisory, International Investments, Domestic Equities, Private Equities, Credit and Assets/Liabilities.

Prior to joining the Markaz Group in 1988, he worked as a Research Associate at INSEAD where he worked on the development of banking risk management techniques. Prior to his job with INSEAD, he worked as a Chief Engineer for a steel structure firm in Kuwait.

MBA from INSEAD, France

M.S in Industrial Engineering from University of Texas A&M, the USA

B.S in Industrial Engineering from University of Texas A&M, the USA

Sami Shabshab, Executive Vice President - Mar-Gulf Management Co. Inc (a wholly-owned subsidiary of the Fund Manager). Mr. Shabshab has been active in the real estate and construction field for 17 years. His experience ranges from structural engineering to general contracting and construction management and real estate. He has been involved in numerous renovation and rehabilitation projects as well as new construction projects. His real estate consulting and construction firm, Shabcon, established in 1987, also provided services such as market analysis and research for real estate appraisers and investors. Mr. Shabshab joined Mar-Gulf in 1993 and now acts as Executive Vice President. He is responsible for operations, with a special focus on turnaround situations and under-performing assets. In addition, Mr. Shabshab is a professional engineer and also holds a California real estate broker license.

American University of Beirut - B. Eng. Civil and Structural Engineering

Bassam N. Al-Othman, Senior Vice President, Kuwait Financial Centre S.A.K "Markaz". Mr. Al-Othman has joined Markaz in January 2005. He has over 20 years of experience in managing and executing government grants and loans for various infrastructure projects in the Middle East, Africa and Asia on behalf of Kuwait Fund for Arab Economic Development (KFAED). Mr. Al-Othman's main positions at KFAED were: Engineering Advisor (1988-2004), Resident Representative in Lebanon (1994-2002) and Resident Representative in Egypt (1992-1996). His expertise includes evaluation, appraisals, and execution of infrastructure projects in electrical power, telecommunication, industrial, healthcare and education sectors. Since joining Markaz he has lead the real estate team in managing "Markaz Real Estate Fund" and in the planning, structuring and incorporation of the "Markaz Real Estate Opportunities Fund".

B.S. in Electrical Engineering from North Carolina A&T State University USA

MBA from the American University of Beirut, Lebanon.

Milad A. Elia – Assistant Vice President - Kuwait Financial Centre S.A.K "Markaz", Milad joined Markaz in 2006. As a Civil Engineer, Mr. Elia worked over 4 years in Project management in various countries in the Middle East at Consolidated Contractors Company CCC and MID contracting. Mr. Elia's experience encompasses Quality management, auditing, cost control and budgeting of projects in high quality civil, heavy civil and industrial sectors. Since joining Markaz, Mr. Elia is part of the team managing "Markaz Real Estate Fund" and "Markaz Real Estate Opportunities Fund".

MBA from INSEAD, France

Civil Engineering from ESIB Université Saint Joseph Lebanon

Fund Manager

Kuwait Financial Centre S.A.K ("Markaz") is the Operator of the Fund and has been appointed by the Fund Company to act as the manager of the Fund pursuant to the Fund Management Agreement entered into between the Fund Company and the Fund Manager. As such the Fund Manager is responsible for the management of the Fund's investment portfolio in accordance with the Investment Strategy, Objective and Policies. Further details of the Fund Management Agreement and the fees payable there-under, are contained in the section headed "Material Contracts" and the section headed "Fees and Expenses",

The Fund Manager (Markaz) established in 1974, is one of the leading investment institutions in Kuwait. Markaz offers quality asset management, investment advisory, as well as state-of-the-art investment banking services, covering the Middle-East, Europe and the United States. Markaz is also active in managing real estate funds and transactions, both locally and internationally.

The Fund Manager has a share capital of KD 40 million with a total shareholders' equity of KD 128.8 million as of 31st December 2005, and assets under management ("AUM") of KD 1.3 billion. The Fund Manager manages 14 mutual funds which invest in domestic, regional and international equities, hedge funds, private equities, money market and real estate. Also, Markaz has successfully managed and placed over USD 1.0 billion of equity and debt issues since its restructuring in 1997. Furthermore, the team at Markaz consists of professionals with wide expertise and long experience in asset management, investment banking, investment advisory services and real estate who offer the highest level of personalized client service. In 2005, Markaz has been awarded a corporate rating of BBB+ by Capital Intelligence Ltd.

The Fund Manager shall be responsible for considering investment opportunities and making all investment and divestment decisions relating to the Fund, including but not limited to making decisions related to acquisitions, dispositions, financing, refinancing, and operations of any of the Investments or any other decisions relating to any existing or proposed Investment.

The Fund Manager will make its decisions in accordance and compliance with the Fund's Investment Strategy, Objective and Policies in compliance with Islamic Shari'ah as more fully described in the sections headed "Investment Strategy" and "Investment Objective and Policies".

Custodian

Pursuant to the Custody Agreement, Gulf Custody Company B.S.C (c) has been appointed to act as a Custodian in respect of the Fund. Gulf Custody Company, Bahrain, is a subsidiary of Gulf Custody Company, Kuwait which is a leading provider of fund custody services in the GCC Countries.

The Custodian will among other things, hold in safe custody such assets, financial instruments and any other belongings of the Fund. The Custodian will also maintain cash and records belonging to the Fund. Further details of the Custody Agreement and the fees payable there-under, are contained in the section headed "Material Contracts" and the section headed "Fees and Expenses".

Administrator

The Fund Company has appointed Gulf Custody Company B.S.C (c) as Administrator pursuant to the Administration Agreement. The Administrator will, among other things, keep the accounts of the Fund and appropriate financial books and records. It will also be responsible for calculating the Net Asset Value of the Fund in accordance with this Placement Memorandum. Further details of the Administration Agreement and the fees payable there-under, are contained in the section headed "Material Contracts" and the section headed "Fees and Expenses".

Registrar

The Fund Company has appointed Gulf Custody Company B.S.C (c) as Registrar of the Fund. The Registrar will, among other things, keep and maintain the register of Unitholders and other functions in accordance with the Registrar Agreement. For the time being, the Fund Company has elected to issue the Units in registered form in each Unitholder's name in the Register of the Unitholders. Therefore, no physical certificates will be issued. Further details of the Registrar Agreement and the fees payable there-under, are contained in the section headed "Material Contracts" and the section headed "Fees and Expenses".

Placement Agent

The Fund Company has entered into the Placement Agency Agreement with Kuwait Financial Centre S.A.K which shall act as the exclusive Placement Agent to the Fund.

In this capacity, Kuwait Financial Centre S.A.K shall use at all times its best endeavours to promote, distribute and extend sales of the Units of the Fund to potential investors. The Placement Agent shall provide investors with all necessary information on the Units and with any other document prepared by the Fund Company or the Fund Manager. It shall also receive the Subscription Agreement and the amounts of the Initial Contributions.. Kuwait Financial Centre S.A.K will have the discretion to appoint Sub-Placement Agent(s) on terms which are similar to the terms of the Placement Agency Agreement.

Auditor

The Fund Company has appointed PricewaterhouseCoopers Bahrain Limited, as the Fund's independent Auditors. The Auditor will audit and review the Fund's financial reports and will submit its report to the Fund Company.

Such audit reports will provide an opinion regarding the Fund's financial statements and an assessment of the accounting principles applied. The Auditor will also review the semi-annual financials of the Fund.

Shari'ah Committee

The Fund Company has appointed AlMashora and AlRaya for Islamic Financial Consultancy, the initial members of which are Dr. Abdul-Aziz Khalifa Al-Qassar, Dr. Eissa Zaki Eissa and Dr. Ali Ibrahim Al-Rashed to be the Fund's Shari'ah Committee.

Dr. Abdul-Aziz Khalif Al-Qassar, Ph.D. in Comparative Fiqh from Al-Azhar University, Egypt. He is presently Deputy Dean of Research and Higher Education since 2002, and Assistant Professor in the College of Shari'ah and Islamic Studies,

Kuwait University. Dr. Al-Qassar has published numerous research papers and books, and is a member of several Fatwa Boards advising Islamic investment companies.

Dr. Eissa Zaki Eissa, Ph.D. in Comparative Fiqh, 1985, from Islamic University, Madina, KSA. Dr. Eissa is a Shari'ah Consultant for Kuwait Awqaf Public Foundation and a member of several Shari'ah boards and committees, including the Shari'ah Committee of Zakat House, Ifta' Committee of the Ministry of Awqaf and several other committees advising Islamic investment companies. Dr. Eissa is an accomplished author and researcher, having authored and co-authored several works on Fiqh, Zakat and several other subjects.

Dr. Ali Ibrahim Al-Rashed, Ph.D. in Comparative Fiqh and Shari'ah Policy, University of Cairo, Egypt. Dr. Al-Rashed is a Professor in the College of Shari'ah and Islamic Studies. He is also member of several Fatwa committees advising Kuwait Awqaf Public Foundation in addition to several investment companies. Dr. Al-Rashed has published numerous research papers in Fiqh in addition to being an active participant in several conferences and seminars.

Alternative Service Providers

The services of the Fund's service providers, including the Fund Manager, the Custodian, the Administrator, the Registrar, the Placement Agent and the Auditor will not be terminated or their termination will not come into effect until a suitable alternative has been appointed by the Fund Company and notified to the CBB.

Legal Counsel

The Fund Company has appointed Qays H. Zu'bi, Attorneys & Legal Consultants – Bahrain as the legal counsel of the Fund Company and the Fund at the time of incorporation.

Representative

The Fund Company has appointed Gulf Custody Company BSC (c) as its Representative in Bahrain pursuant to a Representation Agreement. The Representative registered office is at Gajria Tower, 2nd Floor, Office # 23, Gate 452A, Road 1010 Sanabis 410, Kingdom of Bahrain, P.O.Box 2400, Manama, Kingdom of Bahrain.

The Representative, will, among other things, assist the Fund Manager in the day-to-day management of the affairs of the Fund in Bahrain, and in meeting the requirements of the Bahrain regulatory authorities including the CBB and the Ministry of Commerce.

IX. APPLICATION PROCEDURE

Applications for Units in the Fund must be made to the Fund Manager or the Placement Agent by filling the Subscription Agreement and providing the supporting documents, in accordance with the procedure set out below:

Deadlines

Applications for Units prior to the Initial Closing must be received by the Fund Manager by no later than 12:00 noon Bahrain time on [], 2006. Applications for Units during subsequent closings must be received by the Fund Manager by no later 12:00 noon Bahrain time on the date advised to prospective investors as being the subsequent closing date.

Upon acceptance of a prospective investor's subscription to the Fund by the Fund Manager, the investor is required to settle its Initial Contribution as will be indicated by the Fund Manager at the time of acceptance.

By Fax, Post or Hand Delivery

The Fund Manager recommends fax applications using the Subscription Agreement. However, the original application must follow promptly thereafter. Applications may be sent by post or delivered by hand at the address included in the Subscription Agreement.

Payment Transfer

No Units will be issued to an applicant until cleared payment is received by the Fund, in connection with the Initial Contribution and subsequent Capital Contributions pursuant to draw-down notices. Unitholders are therefore recommended to arrange for a telegraphic transfer of the amount to be paid to the account details provided below.

Bank

[]
[]

Currency of Payment

Payment must be in US Dollars.

Notes

1. Applications will be acknowledged by written confirmation (the "Acceptance") as soon as possible after the relevant closing.
2. The Fund Manager reserves the right to reject any application in whole or in part, in which event the application monies or balance thereof will be returned to the subscriber.
3. Where registration of Units is requested in the name of a bank or other nominee, the application should be made by the bank or nominee in question.

4. Where registration of joint names is requested, both applicants should sign the Subscription Agreement.
5. Measures aimed at the prevention of money laundering may require an applicant to verify his/her/its identity. The Fund Manager will notify applicants if proof of identity is required. An individual may be required to produce a copy of a passport or identification card duly certified by a public authority, together with evidence of his address such as a utility bill or bank statement. In the case of corporate subscribers, this may require production of a certified copy of the Certificate of Incorporation, Memorandum and Articles of Association (or equivalent), and the names and addresses of all directors and beneficial owners.

X. REDEMPTIONS & TRANSFERS

Redemption

The Fund is **an Exempt close-ended** Fund and, subject to the provisions set out below, no redemption of Units is proposed or anticipated until expiry of the Term.

Compulsory Redemption¹

The Fund Manager shall have the power to impose such restrictions and conditions as it considers necessary for the purpose of ensuring that none of the Units of the Fund are acquired, beneficially owned or held by any person in breach of any law or requirement of any country or governmental authority, by any person who by virtue of any such law is not qualified to hold such Units or by any person whose holding of those Units might in the opinion of the Fund Manager cause or be likely to cause a financial or tax disadvantage to the Fund, the Fund Company, or any Unitholder.

The Fund Manager shall be entitled to compulsorily redeem all of the Units so held and Units which are compulsorily redeemed shall forthwith be treated as cancelled.

Units redeemed in these circumstances will be compulsorily redeemed at the redemption price prevailing on the Valuation Date next following the issuance of a notice of compulsory redemption to the Unitholders.

No compulsory redemption will be initiated if such action is contrary to the relevant local laws of Bahrain.

Payments in respect of compulsorily redeemed Units shall be in US Dollars. Where payments for compulsory redemptions are requested by the Unitholder to be made in a currency other than US Dollar, the Fund Manager on behalf of and at the expense of the Unitholder may arrange the necessary foreign exchange transactions without responsibility on the part of the Fund, the Fund Company or the Fund Manager for the currency conversion risk.

Transfers

A Unitholder may not transfer, sell, assign, charge, pledge, hypothecate, convey or otherwise dispose of Units without the prior written consent of the Fund Manager which may be withheld by the Fund Manager in its sole discretion.

¹ The definition of “Term” provides for the exception/possibility that Units may need to be compulsorily redeemed prior to expiry of the 5-7 year period.

XI. DETERMINATION OF NET ASSET VALUE

The Net Asset Value (the "**NAV**") of the Fund will be determined annually by the Administrator and shall be calculated by deducting the total liabilities, including all accrued liabilities, from the total assets of the Fund. Total assets are the sum of all cash, accrued profits, dividends and other receivables and the market value of all Investments together with the current value of any other assets held. The assets of the Fund shall be valued on the Valuation Date as follows:

1. investments in real estate properties to be valued by a qualified independent real estate brokerage house;
2. investments listed or quoted on a recognized market are valued at the bid price in the relevant market on the Valuation Date utilizing generally an electronic price feed from one or more reputable price vendors;
3. investments in funds or similar investment vehicles are valued on the basis of the most recent NAV or valuation provided by the manager or administrator of the relevant fund;
4. investments for which, in the Fund Manager's opinion, no appropriate market price is readily available or which are not listed or quoted on a recognized market, including real estate properties, are valued at their market value as determined by one or more banks or brokers at the sole discretion of the Fund Manager;
5. in the event that no third party is able to make a determination of the value of a particular investment, the Fund Manager acting in the best interest of the Fund is entitled to exercise reasonable judgment in determining the value to be attributed to such assets: such valuation may not be contested by the Unitholders;
6. assets and liabilities in foreign currencies will be expressed in US Dollars at the prevailing rate of exchange at any Valuation Date;
7. the value of collected or deposited cash, sukuks, murabahas, total accruals and expenses paid in advance, dividends distributed in cash, and accrued uncollected dividends shall be considered equal to their full amounts unless it is deemed unlikely that they will be collected in full, in which event their value shall be determined after making such discount as the Fund Manager may deem appropriate to reflect their true value;
8. all Fund liabilities, including but not limited to payments for the purchase of land, payments to governments, municipalities and other local authorities, payments to developers, contractors, consultants, property managers, brokers, and other third party service providers or product vendors; reserves and non-recurring items (inclusive of taxes); and accrued costs and expenses that are paid through the Fund shall be deducted;
9. income and expenses shall accrue on a daily basis, whenever this is practical.

The NAV per Unit is determined by dividing the NAV of the Fund by the number of Units in issue on the relevant Valuation Date and rounding to the nearest cent. The Fund Manager is

entitled to exercise its reasonable judgment in determining the values to be attributed to assets and liabilities, provided it is acting in good faith in the interest of the Fund as a whole, such valuation shall not be contested by the Unitholders. It should be noted that if, in order to effect compulsory redemptions, it is necessary to realize Investments prematurely, any penalties or losses incurred may be reflected in the redemption price of the Units.

XII. DISTRIBUTIONS

Distribution Policy

The distribution of all investment income, dividends, proceeds resulting from the sale or liquidation of Investments and all other distributions (the "**Distributable Funds**"), may either be distributed to Unitholders or otherwise retained, at the absolute discretion of the Directors.

Distributable Funds may be retained by the Fund Manager at the Directors' discretion, for the purpose of:

- a. reinvesting such Distributable Funds into existing or new investment opportunities in case such Distributable Funds resulted from a distribution made during the Investment Period; and
- b. maintaining adequate reserves for expenses and other obligations of the Fund, including provisions for Management Fee, Performance Fee and Clawback, as well as any tax withholding requirements.

Distributions will be made in the following order of priority:

- a. First: 100% to Unitholders in proportion to their Capital Contributions, until such Unitholders have received (i) their Capital Contributions with respect to the sold or liquidated investment; and (ii) the Management Fee and Fund Expenses;
- b. Second: 100% to Unitholders until such Unitholders have received an internal rate of return equal to 10% p.a. (compounded annually) on amounts included in section a (i) and (ii) above (the "**Preferred Return**"); and
- c. Thereafter: 80% to Unitholders in proportion to their Capital Contributions in the sold or liquidated investment, and 20% to the Fund Manager as its carried interest which shall be first applied to any amount due by the Fund Manager to the Unitholders as a result of the Clawback provision.

In-Kind Distributions:

The Fund may, in certain instances, make in-kind distributions to the Unitholders prior to the liquidation of the Fund, of (i) freely tradable marketable securities or (ii) non-marketable securities. The valuation of such securities will be determined by the Fund Manager at the time of distribution.

For the purpose of calculating the Preferred Return and Performance Fee, the Fund Manager will (i) determine the fair market value of marketable securities based on the closing price of said securities on the date of making the distribution, and (ii) have absolute discretion to determine the fair value of non-marketable securities in good faith. For the purposes of the latter, the Fund Manager may retain third party independent advisors to determine the fair value of such non-marketable securities, which valuation the Fund Manager may either accept or reject.

Prior to making such in-kind distributions, the Fund Manager shall obtain the consent of Unitholders representing fifty percent (50%) of the aggregate Commitments of the Fund.

Clawback

At each distribution and upon the termination and final liquidation of the Fund, the Fund Manager will be required to restore funds to the Fund to the extent that either: (i) it has received cumulative distributions with respect to its carried interest that are in excess of 20% of the Fund's net gain over the Preferred Return; or (ii) it has received any distributions with respect to its carried interest, but the Unitholders have not received their Preferred Return in its entirety. Such restored funds will be distributed among the Unitholders.

However, in no event will the Fund Manager be required to restore an amount greater than the cumulative distributions received by the Fund Manager with respect to its carried interest less income taxes thereon, if any.

The Fund Manager shall immediately accrue the Clawback arising out of an adverse change in the fair value of the Fund's Investments, or out of the passage of time whereby the value of the Investments does not appreciate to offset the accruing Preferred Return.

XIII. FEES AND EXPENSES

General

The Fund shall bear all of its expenses, including – but not limited to – the costs of incorporation and subsequent amendments to its Placement Memorandum; operating expenses; expenses incurred in the acquisition of real estate including attorneys fees, real estate agents and brokers commissions, due diligence expenses and fees, transfer fees, property managers, leasing agents, portfolio managers, accountants, custodians, domiciliation agent, transfer agent, paying agents or other agents and Fund employees, as well as permanent representatives in the jurisdictions where the Fund is subject to registration; fees incurred with respect to legal counsel, auditing of annual accounts and building assessment, insurance premiums, fees for registration statements, all taxes and duties levied by governmental authorities and stock exchanges; the cost of publishing financial results and NAV as well as any other operating expenses, including financial, banking and agency fees incurred in purchasing or selling assets or otherwise, and any other administrative charges.

In accordance with its Placement Memorandum, the Fund shall also bear any and all costs for indemnifying and remunerating the Directors. These fees and expenses are deducted from realised and unrealised income and capital gains. They are paid out of the Fund's assets pro rata to the closing of each financial year.

Management Fee

During the Investment Period, the Fund shall pay the Fund Manager an annual fee (the "**Management Fee**") equal to one percent and three quarters of one percent per annum (1.75% p.a.) of the aggregate Commitments of the Unitholders. After the expiration of the Investment Period, the Management Fee will equal one percent and three quarters of one percent per annum (1.75% p.a.) of the Capital Contributions by Unitholders (less the acquisition cost of any Investments that have been realized or written-off).

The Management Fee shall be paid in arrears on the first day of each calendar month, and will be calculated by reference to the aggregate Commitments of the Unitholders or the Capital Contributions, as the case may be, as of the last day of the immediately preceding calendar month.

The Management Fee may be reduced by an offset of the Additional Fees earned by the Fund Manager, as described below.

Other Fees

The Fund Manager shall be entitled to receive directly from the underlying Property Companies., real estate developers and others, structuring fees, financing arrangement fees and other similar fees (the "**Additional Fees**"). The Fund Manager shall apply these Additional Fees to offset the Management Fee by:

- 100% of the Additional Fees attributed to the Fund's investment in the Property Company; and
- 20% of the Additional Fees attributed to the Co-Investors' investment in the Property Company.

Performance Fee

To the extent that distributions from the Fund would result in Unitholders achieving an internal rate of return on their Capital Contributions equal to 10% (compounded annually from the date of drawdown) (the "**Preferred Return**"), the Fund Manager will be entitled to receive a fee equal to 20% of the distributions in excess of the Preferred Return, as its carried interest (the "**Performance Fee**").

At each distribution and upon the termination and final liquidation of the Fund, the amount of Performance Fee received by the Fund Manager will be first applied towards settling any amount due by the Fund Manager to the Unitholders as a result of the Clawback provision.

Placement Fees

The Fund Manager, will act as the exclusive Placement Agent for the Fund, and will receive a Placement Fee of 2% in respect of each Unitholder's Commitment.

The Placement Fee attributable to each Unitholder's Commitment may be modified or waived by the Fund Manager/Placement Agent, and will be paid concurrent with such Unitholder's Initial Contribution. The payment of Placement Fees by a Unitholder will not constitute a Capital Contribution for any purpose, including the computation of the Performance Fee. Accordingly, the payment of Placement Fees by a Unitholder will not reduce the Unitholder's unused Commitment, and no Units will be issued to the Unitholder on account of such payment.

Organisational Expenses

In addition to the fees and expenses referred to above, the Fund Manager will charge the Fund an organisational expense of up to two hundred thousand US Dollars (US\$200,000). To the extent that such organizational expenses exceed US\$200,000, such excess will be borne by the Fund Manager. This fee will be amortised over the life of the Fund, to cover the expenses incurred in connection with the formation of the Fund and the offering of Units including without limitation registration fees with the relevant regulatory authorities, legal counsel fees, cost of printing the Fund documents, and all out-of-pocket expenses such as travel expenses and any other costs and commissions incurred in connection with the establishment and marketing of the Fund.

Fund Expenses

The Fund shall bear the following cost and expenses, and shall promptly reimburse the Fund Manager to the extent that any of such costs and expenses are paid by the Fund Manager on behalf of the Fund: (i) Expenses incurred in the acquisition of real estate including attorneys fees, real estate agents and brokers' commissions, due diligence expenses and fees, transfer fees, property managers fees, leasing agents fees, portfolio managers fees, accountants, custodians, domiciliation agents, paying agents, transfer agents, tax advisors, legal counsel, and other consultants and third-party service providers; (ii) all third party out-of-pocket costs and expenses, if any, incurred in developing, negotiating, structuring, acquiring, holding, refinancing, pledging or disposing of Investments, including without limitation, brokerage, third party finders' fees and custodian fees and expenses; (iii) all fees related to any proposed investment that was not completed (i.e. broken-deal expenses); (iv) the cost of any litigation, insurance, indemnifications or extraordinary expense or liability relating to the affairs of the

Fund; (v) expenses of liquidating or dissolving the Fund; (vi) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, (vii) all un-reimbursed out-of-pocket expenses for payments made to or on behalf of the Fund or other costs of the Fund; and (viii) the expenses associated with the convening of the Unitholders' Advisory Board.

Fees and Taxes Directly Linked to Real Estate

The ordinary charges directly attributable to real estate assets vary significantly from one country to another, with respect to the methods of calculation, accounting and their distribution between owner and tenant. With regard to acquisitions, the transfer duties and agency fees are generally included in the acquisition price.

Real estate charges, including taxes such as property tax, are often charged back to tenants. In certain countries, management fees are also charged back. In all other cases, these charges are deducted from rental income.

Such charges and fees will be borne by the relevant Property Co owning the project.

The Fund Manager is entrusted with monitoring and minimising all the real estate fees mentioned above in close consultation with each of the property managers and developers.

Furthermore, the Fund Manager shall be reimbursed by each of the Property Companies for all out-of-pocket expenses incurred in connection with the establishment and on-going operations of such Property Companies, including the expenses related to the on-site supervision of the development projects, travel and other similar out-of-pocket expenses.

Administration and Custody Fees

Pursuant to the Administration Agreement and the Custody Agreement, the Fund shall bear the Administrator / Custodian fee of (0.175%) of the Net Asset Value (NAV) subject to an annual minimum fee of \$50,000/- , accrued monthly and payable on a quarterly basis.

Registrar Fees

Pursuant to the Registrar Agreement, the Fund shall bear the Registrar fee of (USD 4,000) four thousand U.S Dollars per annum, accrued monthly and payable on a quarterly basis.

Auditors Fees

The Auditors will be entitled to receive an annual fee, in USD, equivalent to three thousand Kuwaiti Dinar (KD 4,000/-) for the preparation of the annual audit reports and the review of the semi-annual reports, excluding out-of-pocket expenses incurred by the Auditors. At the time of preparing this Placement Memorandum, the fee of KD 4,000/- was equivalent to USD ***/- (***** US Dollars),.

Shari'ah Committee Fees

Pursuant to the Rules of Business for Shari'ah Committee, the Fund shall bear the Shari'ah Committee annual fee, in USD, equivalent to six thousand Kuwaiti Dinar (KD 6,000/-). At the time of preparing this Placement Memorandum, the fee of KD 6,000/- was equivalent to USD 20,752/- (twenty thousand seven hundred fifty two US Dollars).

Representative Fees

Under the Representation Agreement, the Representative will be entitled to receive USD 7,000/- (US Dollars Seven Thousand only) annually.

XIV. RISK FACTORS

Investment in the Fund involves significant risk factors, including those listed below, and is suitable only for persons who can afford the complete loss of their investment and for persons not requiring liquidity in their investment. There can be no assurance that the Fund will achieve its investment objectives. Investment returns may be unpredictable and there can be no assurance that actual results will be equal to the goals set forth herein. In addition to the other information contained in this Placement Memorandum, and among other factors, the following matters should be considered carefully in evaluating an investment in the Units being offered. It is important that prospective investors closely review and understand these risk factors before making an investment in the Fund.

The risks of an investment in the Fund arise from, but are not limited to, the following:

(i) the risks associated with investments in real estate, (ii) the risks attendant upon the achieving of investment objectives, (iii) the risks associated with the terms of the Placement Memorandum and (iv) tax risks. Such risks include, but are not limited to, those discussed below.

REAL ESTATE INVESTMENTS

An investment in the Units of the Fund is subject to certain risks associated with the ownership of real estate-related assets and the real estate industry in general. The value of the Fund's investments in properties, and consequently, the net asset value of the Units, may be adversely affected by, among other things, declines in the value of real estate, illiquidity of an investment, risks related to global, regional, national and local economic conditions, natural disasters, terrorism, acts of war, compliance with environmental laws, environmental liability, increases in financing costs, overbuilding, financial condition of tenants, extended vacancies of properties, increases in real property taxes, changes in zoning laws, construction delays, costs overruns, no or insufficient insurance coverage for losses, financing risks and increase in competition.

INABILITY TO EXPEDITE INVESTMENT OR FULLY INVEST THE RAISED CAPITAL IN VARIOUS PROPERTIES

There is no assurance that the Fund will be able to invest fully all of the proceeds of the Offering in real estate investments or that the Fund will be able to expedite such investments in real estate. The Fund is entitled to invest the proceeds of this Offering in real estate only at such times and in such amounts when suitable investment opportunities are identified by the Fund Manager from time to time. If the Fund is unable to invest the proceeds of this Offering fully and/or expeditiously, the potential return to the Unitholders could be adversely affected.

LIMITATION ON TRANSFERABILITY AND REPURCHASE OF UNITS

The Units are generally not transferable except with the consent of the Board in its sole discretion. Unitholders may not withdraw capital from the Fund. The Units may not be resold, transferred or otherwise disposed of by Unitholders except in compliance with the transfer restrictions contained in this Placement Memorandum. Any repurchases of Units will only be made at the discretion of the Fund Manager and the Fund Company. Therefore, each prospective investor must consider its investment to be illiquid.

ABSENCE OF PUBLIC MARKET FOR UNITS

It is not anticipated that there will be any public market for the Units.

ABSENCE OF VOTING RIGHTS OF THE INVESTORS AS HOLDERS OF UNITS

The Units in the Fund carry no voting rights, and therefore the Unitholders will not have any voting rights with respect to the Fund. Kuwait Financial Centre S.A.K. ("Markaz"), as the holder of the substantial majority of the Fund Company shares, holds all of the voting shares in the Fund Company and as such, has the sole right to appoint and remove the Directors and therefore control the management of the Fund Company and the Fund. Consequently, the Unitholders will be relying on Markaz in all matters relating to the management of the Fund Company.

PASSIVE INVESTMENTS

The prospective investors will make passive investments in the Fund, which is managed and operated by the Fund Manager, its officers, executives, directors and advisors. The Fund Company will rely on the Fund Manager, and such officers, executives, directors and advisors as its principal source of investment opportunities. Thus, the Fund Company's and the Fund's success will depend significantly on the services rendered by the Fund Manager.

NO OPPORTUNITY FOR PRIOR REVIEW OF PURCHASE OF PROPERTY

Unitholders will not have the opportunity to evaluate the economic merit of a property purchase before the Fund completes the purchase, so they will need to rely solely on the Fund Manager's judgment and ability to select investments consistent with the Fund's Investment Strategy, Objective and Policies.

TAXATION

The Fund Manager will attempt to structure the investment in the Fund in a manner that is generally tax efficient for the Fund and the Unitholders. There is no guarantee, however, that these structures will be tax efficient or that any particular tax result will be achieved. Therefore, Investors should carefully review this Placement Memorandum and are strongly advised to consult their tax advisors as to the consequences of investing in the Fund. For further details, please see section "TAX CONSIDERATIONS".

CURRENCY EXCHANGE RATES

Capital Contributions will be paid by Unitholders in U.S. Dollars, which may require Investors to convert their funds held in local currencies into U.S. Dollars. In addition, the investments of the Fund in properties will be denominated in the currencies of the countries in which such properties are located, and the revenues generated by such properties may be in such local currencies. As a result of these arrangements, Unitholders will be subject to the risk of changes in currency exchange rates, risks of restrictions or prohibitions on exchanging local currencies for U.S. dollars, exchanging U.S. dollars for local currencies, and other similar currency-related risks. The Fund may enter into hedging transactions or other arrangements to protect against such risks associated with the Fund's activities, based on the Fund Manager's assessment of the costs and benefits of such hedging transactions, but the Fund is not obligated to enter into any such transactions, and any such hedging transactions may not protect Unitholders against their own particular currency-related risks.

ECONOMIC AND POLITICAL STABILITY

Investment in Middle Eastern and North African countries may carry a high degree of economic and political risks.

The governments of the developing countries may exercise substantial influence over various aspects of the private sector and accordingly may impact both the general economic conditions within the country and specific private sector companies. Expropriations, exchange control, confiscation, taxation, nationalization and political, diplomatic, economic or social stability and high rates of inflation within these developing markets are factors which may adversely affect the Fund's performance. Greater bureaucratic difficulties relating to investment and divestment in developing countries may give rise to further difficulties and the potential adverse effects to the Fund.

CREDIT RISK

The Fund will be exposed to a credit risk of parties with whom it conducts business and may also bear risk of settlement default. In particular, Unitholders should note that emerging markets (and for the purpose of this Placement Memorandum and the Fund's Investments, the Fund Company, Fund Manager and the Administrator consider the member states of the GCC and MENA region to be "emerging markets") are less liquid and more volatile than the world's leading developed markets, and this may result in fluctuations of the NAV.

LEGAL STATUS

The Fund is an investment fund of the Fund Company. The Fund has been contractually structured with the intent that it exists separately from the Fund Company and from other funds created or marketed by the Fund Company. The Fund is a contractual arrangement between the Unit holders and the Fund Company. Such contractual arrangement is approved, governed, and supervised by the CBB. The Fund does not have its own legal personality as such and the extent to which a Bahraini government agency or a Bahraini Court would up-hold such distinction between the legal status of the Fund and that of the Fund Company is unclear and to our best knowledge untested. Additionally, the assets of the Fund will be held by the Custodian in the name of the Fund Company.

LEGAL RISK

The regulatory supervision, legal infrastructure and accounting, auditing and reporting standards in some of the target markets may not provide the same degree of investor protection or information to Unitholders as would generally exist in more mature or developed markets. In particular, valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may be treated differently from international financial standards. This may affect the valuation of assets in which the Fund invests.

SPECULATIVE NATURE OF INVESTMENTS

Investment in emerging real estate development projects and markets within the GCC and wider MENA region is more speculative and involves a higher degree of risk than is normally associated with real estate development projects in more developed markets. There can be no assurance that the Fund will achieve its principal investment objective of capital appreciation.

ILLIQUIDITY

Many of the jurisdictions in which the Fund intends to invest are in the process of developing and formulating rules and regulations relating to real estate investments. It is unlikely that these markets will, in the foreseeable future, offer the liquidity available in more developed

real estate markets. Accordingly, there may be no readily available market for the timely liquidation of investments made by the Fund.

CONFLICTS OF INTEREST

A Director of the Fund Company may not participate in the decision-making process concerning an asset in which he/she has a personal interest that in any manner or form whatsoever conflicts with that of the Fund Company, the Fund, or the Property Companies.

LEVERAGE

Leverage risk is the risk associated with the borrowing of funds.

While the use of borrowed funds can substantially improve the return on invested capital, their use may also increase the adverse impact to which the investment portfolio of the Fund may be subject.

Leverage is a speculative technique which may expose the Fund to greater risk and increase its costs. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage. For example, leverage may cause greater swings in the Fund's net asset value or cause the Fund to lose more than it has invested. The leverage expenses may be greater than the Fund's return on the underlying investment. There is no assurance that the Fund's leveraging strategy will be successful.

If leverage is employed, the net asset value of the Units will be more volatile, and the yield to the Unitholders will tend to fluctuate with changes in the shorter-term profit rates on the leverage. If the profit rate on the leverage approaches the net rate of return on the Fund's investment portfolio, the benefit of leverage to the Unitholders would be reduced. If the profit rate on the leverage exceeds the net rate of return on the Fund's portfolio, the leverage will result in a lower rate of return to the Unitholders than if the Fund were not leveraged. The Fund will pay (and the Unitholders will bear) any costs and expenses relating to any leverage. Accordingly, the Fund cannot assure the Unitholders that the use of leverage would result in a higher yield or return to the Unitholders. Any decline in the net asset value of the Fund's Investments will be borne entirely by the Unitholders. Therefore, if the market value of the Fund's portfolio declines, the leverage will result in a greater decrease in net asset value to the Unitholders than if the Fund were not leveraged.

While the Fund may from time to time consider reducing leverage in response to actual or anticipated changes in profit rates in an effort to mitigate the increased volatility of net asset value associated with leverage, there can be no assurance that the Fund will actually reduce leverage in the future or that any reduction, if undertaken, will benefit the Unitholders. Changes in the future direction of profit rates are very difficult to predict accurately. If the Fund were to reduce leverage based on a prediction about future changes to profit rates, and that prediction turned out to be incorrect, the reduction in leverage would likely reduce the income and/or total returns to Unitholders relative to the circumstance where the Fund had not reduced leverage. The Fund may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income if the prediction were to turn out to be correct, and determine not to reduce leverage as described above.

FOREIGN REAL ESTATE INVESTMENTS

The Fund will invest primarily in development projects domiciled in the GCC and wider MENA region. Investing in these markets involves considerations and possible risks not typically involved with investing in securities of companies domiciled and operating in Kuwait. These

risks include the instability of governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration, economic or monetary policy, or changed circumstances in dealings between nations. In addition, the application of foreign tax laws (e.g., the imposition of withholding taxes) or confiscatory taxation may also affect investment in foreign real estate. Higher expenses may result from investment in foreign real estate than would result from investment in real estate issued by entities in more traditional investment regions because of the cost that must be incurred in connection with conversions between various currencies and foreign brokerage commissions.

PROPERTY RIGHTS

In some countries in which the Fund will invest, the legal position and legislation pertaining to securities ownership may be somewhat blurred, and guarantees on property rights are not as secure as those stipulated by legislation in more developed countries. This creates an associated risk for Unitholders in the Fund.

COUNTERPARTY RISK OR RISK ASSOCIATED WITH EXECUTION OF ORDERS

The Administrator and the Fund Manager may be required to operate through locally based custodians for the physical safe-keeping of the Fund's assets. The Fund Manager may have to use locally based brokers for trading in securities. Whilst it is intended only to utilize the services of the best qualified and reputable intermediaries in the relevant markets, the available options can be very limited and even the best qualified intermediaries may not be in a position to provide the same level of guarantee of service as is furnished by financial institutions and brokers active in more developed markets. Accordingly, despite the due care and checks and balances in place, Unitholders should be aware that they will be bearing the associated risks.

ACCOUNTING STANDARDS

Accounting, auditing and financial reporting regulations and standards in countries in which the Fund will invest are not as stringent as those applicable in more developed countries. As a result, information on the accounts and finances of companies in which the Fund is likely to invest may prove to be less comprehensive and less reliable than those usually available.

ABSENCE OF CURRENT INCOME

Given that the Fund is unlikely to make distributions, an investment in the Fund is not suitable for investors seeking current income.

LACK OF OPERATING HISTORY

The Fund is newly formed and, thus, has limited operating history upon which investors can evaluate its likely performance.

DEPENDENCE ON KEY PERSONNEL

The success of the Fund is significantly dependent on the expertise of the Directors of the Fund Company and of the key personnel of the Fund Manager. In addition, the Fund will be relying extensively on the experience, relationships, and expertise of these Directors and key individuals. There can be no assurance that these individuals will remain employed with the Fund Manager and the Directors with the Fund Company or otherwise continue to be able to carry on their current duties throughout the anticipated Term of the Fund. These key personnel also have responsibilities other than the management of the Fund, but they intend to devote sufficient time to the Fund to meet the Fund needs.

DETERMINATION OF NET ASSET VALUE

Whilst specific valuation parameters can apply to the value of real estate in which the Fund invests, the Administrator in consultation with the Fund Manager has discretion to establish the value of real estate projects under development in which the Fund invests. Whilst this discretion must involve reference to a qualified independent party, and requires the Fund Manager to act in good faith, such determinations will affect the Net Asset Value of the Fund which, in turn, will affect the value of Units.

INCENTIVE ALLOCATION

The payment of the Performance Fee to the Fund Manager may create an incentive for the Fund Manager to advise the Fund to make investments that are riskier or more speculative than would be the case if no Performance Fee, based on gain and net asset value, were payable.

LAYERING OF FEES

The Fund might conceivably invest in other investment funds. To the extent that it does, investors may be subject to duplicate management fees and expenses.

LACK OF DIVERSIFICATION

The Fund may, from time to time, be concentrated in a small number of real estate projects and the portfolio, at such times, is unlikely to be widely diversified. Thus, at these times, the Fund may be subject to a more rapid change in value than would be the case if it maintained a wider diversification among countries or real estate sectors.

INVESTMENT AND TRADING RISKS IN GENERAL

All investments present a risk of loss of capital. The Fund may utilize various Sharia'h compliant investment techniques to achieve its objectives. These practices may, in certain circumstances, maximize the risk of losses.

RELATIONSHIP RISK

The Fund's investment process involves the development by the Fund, with the assistance of the Fund Manager, of a number of strategic relationships with entities having considerable leverage and expertise in the GCC and wider MENA region. It is a possibility that these planned strategic relationships will not come to fruition. If that is the case, the Fund's access to undervalued investments in the GCC and wider MENA region could be diminished.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of all the risks involved in an investment in the Fund. Potential investors must read the entire Placement Memorandum before determining whether to invest in the Fund. All potential investors must obtain professional advice from their tax, legal and financial advisors in evaluating all of the tax implications and risks involved in investing in the Fund.

XV. TAX CONSIDERATIONS

The following comments are based on advice received by the Fund Manager regarding the current law and practice in Bahrain and elsewhere and are intended only as a general guideline, prospective investors are advised to seek tax advice from their personal tax advisors.

Prospective investors should be aware that as a result of changing law or practice as to how the Fund or Unitholders will be regarded by tax authorities in different jurisdictions, the tax consequences for Unitholders may be other than as stated below.

Prospective investors should consult their own tax advisers as to any tax consequences in connection with the acquisition, ownership, redemption or disposition of the Units under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Bahrain Tax Considerations

As at the date of this Placement Memorandum there are no income taxes, withholding or capital gains taxes payable by the Fund under laws in force in Bahrain. There are no currency or exchange control restrictions currently in force under the laws of Bahrain and the free transfer of currency into and out of Bahrain is permitted, subject to any international regulations in force from time to time.

In the event that there is any material amendment or change to the laws of Bahrain in connection with the matters referred to above, the Fund Manager shall give notice to the Unitholders of such amendment or change in the next following Report that is circulated to the Unitholders after such amendment or change has come to the attention of the Fund Manager.

Unitholders' Taxation

Prospective investors should ascertain from their professional advisers the consequences of acquiring, holding, redeeming, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including any tax consequences and exchange control requirements.

XVI. CONFLICTS OF INTEREST

The Fund Manager, the Placement Agent and the Administrator may be subject to various conflicts of interest in their relationships with the Fund Company and the Fund. These include:

1. **Other Activities of the Fund Manager**

The Fund Manager may serve as a fund manager for other investment companies and funds and engage in other related or unrelated activities. Participation by the Fund Manager in such other activities may raise conflicts in the allocation of management time, services or functions between the Fund Company and the Fund on the one hand, and such other entities, on the other. Further, in the event that other real estate investment funds with which the Fund Manager is associated develop relationships with the local developers, managers, brokers or advisers that are furnishing services to the Fund, the Fund Manager's duty to those funds to foster such relationships could tend to influence the Fund Manager to take actions, or forebear from taking actions, that an independent manager might not take or forebear from taking.

2. **No Independent Advice**

The terms of any agreements and arrangements among the Fund Company and the Fund Manager have been established by the Fund Manager and have not been negotiated at arm's length. The Board of Directors is entirely comprised of employees of the Fund Manager. No specific provisions have been or will be made for independent professional representation of the Unitholders with respect to potential conflicts of interest.

3. **Other Activities of the Placement Agent**

During the term of the Fund, the Placement Agent may serve as a placement agent for other investment companies and funds and engage in other related or unrelated activities. Participation by the Placement Agent in such other activities may raise conflicts in the allocation of management time, services or functions between the Fund on the one hand, and such other entities, on the other. Further, in the event that other real estate investment funds with which the Placement Agent is associated develop relationships with the local developers, managers, brokers or advisers that are furnishing services to the Fund, the Placement Agent's duty to those funds to foster such relationships could tend to influence the Placement Agent to take actions, or forebear from taking actions, that an independent placement agent might not take or forebear from taking.

Notwithstanding the foregoing, the Placement Agent has agreed not to manage or assume any placement agent role with respect to any real estate fund in the GCC and MENA region or whether directly or indirectly until 80% of the Fund's Commitments have been invested.

4. **Other Activities of the Administrator**

The Administrator may serve as a fund administrator for other investment companies and funds and engage in other related or unrelated activities. Participation by the Administrator in such other activities may raise conflicts in the allocation of

management time, services or functions between the Fund on the one hand, and such other entities, on the other. Further, in the event that other real estate investment funds with which the Administrator is associated develop relationships with local managers,, brokers or advisers that are furnishing services to the Fund, the Administrator's duty to those funds to foster such relationships could tend to influence the Administrator to take actions, or forebear from taking actions, that an independent administrator might not take or forebear from taking.

5. Fund Manager's promotion of other companies and separate investments

The Fund Manager will not be prohibited from organising, acting as a promoter for, managing or advising new or additional companies or funds having investment objectives similar or identical to those of the Fund Company and the Fund, or from investing separately for its own account in other real estate investment funds.

XVII. "KNOW YOUR CUSTOMER" AND ANTI-MONEY LAUNDERING

The Fund Manager, Placement Agent and the Administrator reserve the absolute right to require further verification of the identity of each potential investor or that of the person or entity on whose behalf the potential investor is applying for the purchase of Units. Each potential Unitholder will provide satisfactory evidence of identity and if so required the source of funds within a reasonable time period determined by the Fund Manager and/or, as appropriate, the Administrator.

Pending the provision of such evidence, an application to subscribe for Units will be postponed.

If a potential Unitholder fails to provide satisfactory evidence within the time specified, or if a potential Unitholder provides evidence but the Fund Manager, Placement Agent and/or, as appropriate, the Administrator is not satisfied therewith, the application may be rejected immediately in which event any money received by way of application, will be returned to the applicant by interbank transfer to the account from which the monies originated, without any addition thereto and at the risk and expense of the applicant.

The Company will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition of and Combating Money Laundering and the various Ministerial Orders issued there-under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering.

The Fund will comply with the rules pertaining to Collective Investment Undertakings (CIUs) integrated in the CBB Rulebook Volume 6 – CIU Module, where measures will be taken to comply with Money Laundering and Terrorist Financing rules issued by the CBB from time to time.

Unitholder Representations

Each Unitholder is deemed to make the following representations and warranties to the Fund Manager and to the Fund, on the day on which it subscribes for Units and for the duration of the Units:

1. I/We are purchasing Units with lawfully acquired funds for investment;
2. to the extent that I/we offer interests in the Units to other clients, or hold such Units for the benefit of such clients, I/we represent and warrant with respect to the Units subscribed for hereby:
 - (a) that I/we will only offer such to clients who can and will make the representations in 1 and 2 above; and
 - (b) that due to the application of money laundering, tax or similar requirements, or otherwise, upon request from time to time by or on behalf of the Fund Company, the Fund Manager and/or the Placement Agent, and/or the Administrator, I/we will, with respect to such clients, provide such certifications, documents or other evidence as may be reasonably required to substantiate the representations made herein; and
3. that I/we satisfied myself/ourselves that all legal requirements in the country in which each relevant client is a resident have been fully observed in connection with the purchase of Units, including obtaining any governmental or other consents which may be required and that each relevant client has otherwise complied with all necessary formalities.

XVIII. MATERIAL CONTRACTS

The following contracts, which are or may be material, have been entered into by the Fund Company, on behalf of and in connection with the Fund. In each case the Fund has agreed to indemnify the Board, the Fund Manager, and the Administrator against all claims and demands which may be made against it in the performance of its duties otherwise than by reason of its own gross negligence or wilful misconduct:

1. Fund Management Agreement dated 27 September, 2006, where the Fund Company has appointed the Fund Manager to provide fund management and investment advisory services. These services include (without limitation) the monitoring and supervision of the Property Companies, advice on expenditure, construction, cash flow, revenue and disposal of the Investments, and general strategic advice concerning acquisition and development of the real estate properties or interests in real estate properties. Details of the fees payable to the Fund Manager are described in the Section headed "Fees and Expenses".

2. Administration Agreement dated 27 September, 2006, where the Fund Company and the Fund have appointed the Administrator to provide administration services. These administration services include (without limitation) the keeping of books of account and other books and records and the preparation of accounts for the Fund, the dealing with all correspondence relating to the business and affairs of the Fund, and the organising of all payments of dividends or other distributions and the proceeds of any redemption of the Units (whether at expiry of the Term or pursuant to any compulsory redemption), as well as the provision of any other fund administration services reasonably requested by the Fund Company. Details of the fees payable to the Administrator are described in the Section headed "Fees and Expenses".

3. Placement Agent Agreement dated 27 September, 2006, where the Fund Company has appointed the Placement Agent who will use at all times its best endeavours to promote and extend sales of the Fund to all potential investors and make available materials relating to the Fund to prospective investors as well as receive the Subscription Agreement and the Initial Contribution amount. The Placement Agent will have the discretion to appoint Sub-Placement Agent(s) on terms which are substantially similar to the terms of the Placement Agent Agreement. Details of the fees payable to the Placement Agent are described in the Section headed "Fees and Expenses".

4. A Custody Agreement dated 27 September, 2006, where the Fund Company and the Fund have appointed the Custodian to hold or arrange to hold in safe custody such securities, investments, financial instruments or any other items belonging to the Fund. The Custodian will maintain accounts for different purposes as may be advised by the Fund Company or the Fund Manager and a record of all transactions. Under this Agreement, the Custodian will have the power to appoint Sub-Custodians to delegate certain custodial and other functions where necessary. Details of the fees payable to the Custodian are described in the Section headed "Fees and Expenses".

5. A Registrar Agreement dated 27 September, 2006, where the Fund Company and the Fund have appointed the Registrar to provide registrar services to the Fund Company in connection with the Fund. The Registrar will keep a copy of the Register of the Unitholders in the Fund and will allow access to the Register and subsidiary documents and records as authorized by the Fund Company, or as required by Law. Details of the fees payable to the Registrar are described in the Section headed "Fees and Expenses".

6. A Representation Agreement dated 1 May 2007, between the Fund Company and the Representative pursuant to which the latter has agreed to permit the Fund Company to use its mailing addresses for receiving correspondence of the Fund Company or the Fund. The Representative will receive all documents, mail and enquiries from Kingdom of Bahrain regulatory authorities, in respect of the Fund Company and the Fund, and notify the Fund Company or the Fund Manager. The Representative will arrange to convene General Assembly meetings in accordance with the instructions of the Fund Company and report Fund's financial statements to CBB and MOIC. Details of the fees payable to the Representative are described in the Section headed "Fees and Expenses".

XIX. GENERAL INFORMATION

Units

All Units will, when issued, be fully paid and non-assessable. The liability of Unitholders will be limited to their Capital Commitment and Unitholders will have no personal liability for the debts, if any, of the Fund and/or of any Property Company. Units will be issued in registered form in the Unitholder's name in the Register of Unitholders, and accordingly, Unit certificates will not be issued². There will be no fractional Units issued.

The Units carry no voting rights at meetings of the general assembly of the Fund Company.

Miscellaneous

1. No Units in the Fund are under option or agreed conditionally or unconditionally to be put under option.
2. No Units of the Fund have been or are proposed to be issued as fully or partly paid up other than in cash.
3. As at the date of this Placement Memorandum, the Fund has no loan capital outstanding or created and issued, and no outstanding mortgages, charges, debentures or other borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease agreements, guarantees or other contingent liabilities.
4. The Fund Manager is or may be a promoter of the Fund and will receive the Management Fee, the Performance Fee and other fees from the Fund as described in this Placement Memorandum. Save as disclosed in this Placement Memorandum, no other amount or benefit has been paid or given to the Fund Manager and none is intended to be paid or given.
5. To date, the Fund or the Fund Company has not engaged in any litigation or arbitration, and no litigation or claim is known to be pending or threatened against it.
6. The Fund Company and the Fund are controlled and managed by the Fund Manager. The Fund Company has delegated to the Fund Manager the powers to invest the Fund's capital and to manage and dispose of the Fund's Investments.

Defaulting Unitholder

Upon failure of a Unitholder to make any Capital Contribution as and when required pursuant to a drawdown notice, the Unitholder will be in default (a "**Defaulting Unitholder**") and the Fund Manager may assess the Defaulting Unitholder an amount representing the damages to the Fund that have resulted or are likely to arise from such default, which shall be determined by the Fund Manager in its sole discretion. If the amount of such assessment is not paid by the Defaulting Unitholder to the Fund promptly upon the Fund Manager notifying the Defaulting Unitholder of such assessment, the Fund Manager may, in its sole discretion: : (a)

² The interest of a Unitholder will be evidenced by entry on the Register maintained by the Registrar and also be recorded at the Ministry of Industry and Commerce.

cause a forced sale of all or part of the Defaulting Unitholders' Units to one or more non-Defaulting Unitholders at a price equal to seventy five percent (75%) of the NAV of such Defaulting Unitholders' Units; (b) cause the Defaulting Unitholder to forfeit all or any portion of the Defaulting Unitholder's allocable share of future distributions, other than in respect of a return of capital, made by the Fund; (c) cause distributions that would otherwise be made to the Defaulting Unitholder to be credited against the default amount; (d) cause the Defaulting Unitholder to be excluded from participating in future Fund investments by terminating its unfunded Commitment; and/or (e) institute proceedings to recover the default amount. Unless the Fund Manager elects to terminate a Defaulting Unitholder's unfunded Commitment, the Defaulting Unitholder will continue to remain obligated to make Capital Contributions to the Fund, as and when required by drawdown notices, up to the full amount of such Unitholder's unfunded Commitment.

The foregoing remedies will be administered in the Fund Manager's sole discretion, in a manner deemed to be equitable and, in consultation with the Shari'ah Committee, deemed to be compliant with Islamic Shari'ah. The Fund Manager may, in its sole discretion, waive any and all of the remedies against a Defaulting Unitholder.

Reporting

The Fund shall produce annual reports containing the audited financial statements of the Fund, which are required to be filed with the CBB and the Ministry of Industry and Commerce in Bahrain within (4) four months of the financial year-end of the Fund, which is the 31st December of each year. The annual report will be sent to each Unitholder as soon as available with the first audited financial statement to be prepared for the year ending 31 December, 2007. The Fund shall produce semi-annual financial statements that will be reviewed by the Auditors and filed with the CBB within 2 months from the end of each first six (6) months of the Fiscal Year. All financial reports of the Fund will be prepared in accordance with International Accounting Standards. All accounts will be available for inspection by the Unitholders at the offices of the Fund Manager in Kuwait and the Administrator in Bahrain.

The Fund will publish the NAV per Unit calculated by the Administrator on an annual basis and will circulate to Unitholders a periodic report from the Fund Manager which shall provide detailed information on the Fund's Investments, any new investment opportunities and information relating thereto.

Documents Available for Inspection

Copies of the following documents, which are available for information only, and do not form part of this Placement Memorandum, may be inspected at the offices of the Representative in Bahrain, during normal business hours on any day save for Fridays, Saturdays and public holidays: -

1. the material contracts referred to above;
2. the Commercial Companies Law (Decree Law No.21/2001) of the laws of Bahrain;
3. this Placement Memorandum;
4. the Articles of Association of the Fund Company;

5. The Memorandum of Association of the Fund Company.

Governing Law

This Placement Memorandum and the following contractual agreements are governed by and shall be construed in accordance with the laws of Bahrain. The Fund is subject to the laws of Bahrain and the regulations of the CBB:

- Fund Management Agreement
- Administration Agreement
- Placement Agent Agreement
- Custody Agreement
- Registrar Agreement
- Representative Agreement
- Memorandum and Articles of Association of Markaz Real Estate Opportunities Fund Company.

Notices

Notices to be served by the Fund to any Unitholder shall be in writing and may be given personally or by sending the notice by post, cable, fax, electronic means or any other method of written communication.

Amendments

This Placement Memorandum can be amended by the written consent of Unitholders representing at least fifty percent (50%) of the aggregate Commitments of the Fund, if such an amendment would have a material impact on the Unitholders' investment in the Fund, including but not limited to changes to the Management and Performance Fees, the Fund's Investment Objectives and Policies. Such Unitholders' written consent shall be obtained pursuant to a fifteen (15) business days' notice.

The CBB should only be notified of such amendments.

Enquiries

Enquiries concerning subscription to the Units should be directed to the office of the Administrator in Kuwait at:

Gulf Custody Company B.S.C.
P.O. Box 29233 Safat 13153
Kuwait

Tel: (965) 2408140 (Oper)
Fax: (965) 2416289

APPENDIX A
FORM OF
SUBSCRIPTION AGREEMENT
FOR UNITS OF
MARKAZ REAL ESTATE OPPORTUNITIES FUND

To: The Fund Manager
Kuwait Financial Centre SAK ("Markaz")
Mubarak El-Kabeer Street
Al-Enzi Tower – 4th Floor
P.O. Box 23444 Safat
13095 Kuwait

]

Attn: Mr. Ali H. Khalil

Fax: +965 2246 3049

Dear Sirs,

1. The undersigned Subscriber hereby acknowledges having read the confidential Private Placement Memorandum dated February 2006, including all exhibits, appendices and supplements thereto (together with such exhibits, appendices and supplements, the "**Placement Memorandum**"), concerning Markaz Real Estate Opportunities Fund Company BSC (c) (the "**Fund Company**"), a closed joint stock company organised under the laws of Bahrain, and Markaz Real Estate Opportunities Fund (the "**Fund**"), relating to the offer for sale by the Fund Manager of investment Units of the Fund at US\$1 par value (the "**Units**"), issued pursuant to an Instrument dated 17 September 2006 (the "**Instrument**"). The Subscriber agrees to subscribe for Units up to a value and on the terms set forth herein and in the Placement Memorandum and subject to the Instrument. The Subscriber understands that capitalised terms used and not otherwise defined herein have the respective meanings ascribed thereto in the Placement Memorandum.
2. The Subscriber hereby understands that this agreement represents an irrevocable offer to subscribe for Units up to the aggregate value set forth below, or such lesser value for which this subscription may be accepted, and may not be withdrawn (the "**Commitment**"). The Subscriber hereby further understands that the Fund Manager and Placement Agent reserve the right, in its sole discretion, to accept all, part or none of a subscription and to allocate Units among subscribing investors. The Subscriber understands that the subscription for Units hereby made, if accepted, will constitute a binding agreement between itself and the Company concerning the subject matter of this Subscription Agreement.
3. The Subscriber's Units should be registered as follows (name and full address in BLOCK LETTERS exactly as Units are to be registered):

5. The Subscriber's bank details are as follows (for any distributions):

Bank Name: _____

Address : _____

Telephone : _____ Fax : _____

Account Name : _____

Account No : _____ Sort Code : _____

Correspondent Bank and address _____

6. The Fund, in order to comply with Bahrain's Legislative Decree No. (4) of the year 2001 with respect to Prohibition and of Combating Money Laundering and the various Ministerial Orders issued there under including, but not limited to, Ministerial Order No. (7) of 2001 with respect to the Institutions' Obligations Concerning the Prohibition of and Combating Money Laundering, requires additional documentation along with the subscription request for Units.

I/We hereby attach the following certified documents in support of this application for Subscription in Units:

For individual Subscribers:

- Two government issued forms of identification (e.g., passport or drivers license) provided that one at least is a picture identification.
- Proof of the individual's current address (e.g., current utility bill), if not included in the form of picture identification.

For financial institutions within Bahrain:

- Documentary evidence that the entity is registered with CBB, BSE or Ministry of Commerce as a financial institution.
- Certified copy of commercial registration certificate.
- Names and addresses of all directors or partners and authorized signatories.

For non-financial institutions within Bahrain and all Subscribers outside Bahrain:

- Certified copy of Incorporation.
- Certified copy of Memorandum and Articles of Association.
- Certified copy of commercial registration certificate.
- Names and addresses of all directors or partners and authorized signatories.

ID documents of majority owners if the entity is not listed.

7. The Subscriber agrees that the following are continuous representations and that all further subscriptions for Units will be governed by them. The Subscriber further agrees to advise The Fund Manager promptly of any changes to the representations herein.
8. In connection with this agreement, The Subscriber represents and confirms to the Fund Manager and the Fund Company as follows: (a) I/We acknowledge receipt of a copy of the Placement Memorandum, (b) I/We have, prior to any sale to me/us, been given access and the opportunity to examine the Placement Memorandum, the Memorandum and the Articles of Association and other principal documents and the opportunity to ask questions to, and to receive answers from, the Fund Manager concerning the terms and conditions of the offering of the Units or any other matter set forth in the Placement Memorandum, and to obtain any additional information (to the extent the Fund Manager possesses such information or can acquire it without unreasonable effort or expense) necessary to verify the accuracy of the information set forth in this Placement Memorandum, (c) I/We have read and understood the Placement Memorandum and that it is not intended to provide investment, tax, legal or accounting advice, (d) I/We have reviewed the Placement Memorandum and the subject investment, with such financial, business, legal and tax advisers as I/we deemed necessary, and have determined that the subject investment is suitable in light of my/our financial condition and risk preferences, (e) I/We have requisite power and authority and, if the subscriber is a corporation, partnership, trust, estate or other entity, have been duly organised, are validly existing and in good standing in the relevant jurisdiction of organisation and have received all requisite corporate or other authorisation, in each case if applicable to make this subscription and to purchase and hold the Units in accordance with the terms of the Placement Memorandum (and if applicable a true correct and complete copy of corporate resolutions or other evidence of such authorisation is attached hereto).
9. The Subscriber hereby certifies that (a) It understands and agrees that the Units have not been registered or listed in any jurisdiction, (b) It is not a Non-Qualified Person, (c) It understands that the Units may not be offered, sold, transferred or delivered, directly or indirectly, to Non-Qualified Persons, or to any other person or entity without the prior written consent of the Fund Manager (d) It has obtained all necessary authorisations and licences required in order to subscribe for the Units and (e) to the best of its knowledge, neither this subscription nor the purchase of the Units by itself will violate any securities or other laws of any jurisdiction.

The Subscriber understands that any certificate (if issued) or other confirmation of registration of the Units shall contain a legend referring to the foregoing restrictions on ownership and transfer of the Units and that any attempted transfer in violation of such restrictions will be void and will not be recognised by the Fund Manager.

10. The Subscriber understands and agrees that transfer of the Units may be made only to the extent permitted by the Board.

11. The Subscriber agrees to indemnify the Fund Company, the Fund Manager and the Administrator against any liability or expenses incurred by any of such persons in connection with any action, suit or proceeding resulting from, arising out of, or relating to any statement or any other action made by the Subscriber in this Subscription Agreement or otherwise in connection with its subscription for Units hereunder.
12. The Subscriber acknowledges that it will be solely liable and responsible for the payment of any stamp duties, transfer and other similar taxes, if any, imposed in connection with the purchase or transfer of the Units.
13. The Subscriber acknowledges that the issuance, ownership and transfer of, and other rights and obligations pertaining to, the Units, are and will be governed by the Instrument, the Placement Memorandum and the Articles, as from time to time amended, copies of which are available upon request from the Fund Manager and are on file at the Fund Manager's principal office..
14. The Subscriber understands that if for any reason its subscription is not accepted, in whole or in part, the remaining part of the subscription amount will be returned to the Subscriber.
15. For individual Unitholders only:

The Subscriber agrees that:

- (a) Information supplied on this Subscription Agreement and otherwise in connection with its subscription for Units may be held by the Fund Manager/Placement Agent and will be used for the purpose of processing its subscription and investment in the Fund and completion of information on the Register, and may also be used for the purpose of carrying out its instructions or responding to any enquiry purporting to be given by the Subscriber or on its behalf, dealing in any other matters relating to its holding of Units (including the mailing of reports and notices), forming part of the records of the recipient as to the business carried on by it, observing any relevant jurisdiction (including any disclosure or notification requirements to which any recipient of the data is subject) and to provide a marketing database for product and market research or to provide information for the despatch of information on other products or services to the Subscriber from the Fund Manager or any connected person of the Fund Manager. All such information may be retained after the Subscriber's Units have been redeemed.
- (b) The Fund Manager may disclose and transfer such information to the Fund Company, and the Auditors, including any of their employees, officers, directors and agents and/or to the ultimate holding companies of the Fund Manager and/or its subsidiaries and/or affiliates or to any third party employed to provide administrative, computer or other service or facilities to any person to whom data is provided or may be transferred as aforesaid and/or to any regulatory authority entitled thereto by law or regulation (whether statutory or not) in connection with the Subscriber investment in the Fund which persons may be persons outside Bahrain.

- 16. This Subscription Agreement shall be governed by and construed in accordance with the laws of Bahrain, in particular with respect to the anti-money-laundering rules and regulations.

IN WITNESS WHEREOF, the undersigned subscriber(s) has/have duly executed this Subscription Agreement on the date set forth below:

Date of Execution : _____

Subscriber's Name

Subscriber's Signature

Place of Execution

In the presence of:

Witness Name

Witness Signature

Place of Execution

(the acceptance is set in a separate form)

APPENDIX B**ACCEPTANCE**

The Fund Manager, on behalf of Markaz Real Estate Opportunities Fund (the "**Fund**"), hereby accepts the subscription by _____ to acquire the Units as detailed below, upon the terms and conditions of the Subscription Agreement dated [.....] to which this Acceptance is attached and of which it is a part and upon the terms and conditions of the Private Placement Memorandum, in exchange for the Commitment set forth in the Subscription Agreement.

The details of the Units allocated to you and the total amount payable by you pursuant to this acceptance are as follows:

Number and value of Units allocated to you
are _____ Units x [] each = _____

Accepted by the Fund Manager:

By : _____ **Dated** _____ :

Name:

APPENDIX C
FORM OF INSTRUMENT

THIS INSTRUMENT (the "Instrument") is made this [•].

By

Markaz Real Estate Opportunities Fund Company B.S.C. (C) (the "Fund Company") whose registered office is at Gajria Tower, 2nd Floor, Office # 23, Gate 452A, Road 1010 Sanabis 410, Kingdom of Bahrain, P.O.Box 2400, Manama, Kingdom of Bahrain.

WHEREAS the Fund Company has by a resolution of its Board of Directors passed on =====, resolved to establish the **Markaz Real Estate Opportunities Fund** (the "Fund"), as unsubordinated obligations of the Fund Company to be constituted as hereinafter provided.

NOW THIS INSTRUMENT WITNESSETH and the Fund Company HEREBY DECLARES as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Instrument and the Schedules hereto, unless the subject or context otherwise requires, the following expressions shall have the following meanings:

"Administrator" means Gulf Custody Company B.S.C (C) or any other administrator appointed from time to time by the Fund Company in relation to the Fund;

"Articles" means, collectively, the Memorandum of Association and Articles of Association of the Fund Company for the time being in force;

"Board" means the board of directors of the Fund Company;

"CBB" means the Central Bank of Bahrain;

"Business Day" means a day on which banks and financial institutions are generally open for business in Bahrain and Kuwait;

"Closings" mean the date on which the Fund Manager /Placement Agent accepts subscriptions for Commitments totaling at least \$50 million (the **"Initial Closing"**). Staged Closings for subsequent Commitments may be held within twelve (12) months from the date of the Initial Closing, the last of which will be the Fund's final closing (the **"Final Closing"**).

"Conditions" means the conditions set out in Schedule 2 as the same may from time to time be modified in accordance with the terms of this Instrument;

"Custodian" means Gulf Custody Company B.S.C. (c) or any other custodian appointed by the Fund Company in relation to the Fund;

"Date of Acceptance" means the date on which subscription to Units by a prospective investor is accepted by the Fund Manager/Placement Agent by issuing and signing the Acceptance Sheet as determined in the Placement Memorandum;

"Directors" means the director(s) of the Fund Company;

"Fund Manager" means Kuwait Financial Centre SAK, a closed shareholding company incorporated under the laws of the State of Kuwait or any other Fund Manager appointed by the Fund Company from time to time in relation to the Fund;

"Offering" means the offering of up to 200 million Units at US\$ 1.00 per Unit, plus a Placement Fee of 2%, as more fully described in the Placement Memorandum;

- "Net Asset Value"** and **"NAV"** mean the net asset value of the Fund as determined in accordance with the principles set out in the Placement Memorandum;
- "Notice of Transfer"** means the Notice of Transfer as set out in Schedule 3 to this Instrument;
- "Placement Memorandum"** means the Private Placement Memorandum of the Fund as approved by the CBB to be dated on or about the date hereof, together with any amendment or supplement at any time published by the Fund to assist in the placement of the Units in the Fund;
- "Quarter"** means the period of three months commencing on the next Business Day after the Initial Closing, and each consecutive period of three calendar months thereafter ending on the last Business Day of March, June, September, or December;
- "Registrar"** means Gulf Custody Company B.S.C.(c) or any other registrar appointed by the Fund Company in relation to the Fund;
- "Units"** means the units in the Fund;
- "Unitholder"** means each holder of Units in the Fund and "Unitholders" means all of them; and
- "U.S. Dollars"** or **"US\$"** means the lawful currency of United States of America;
- "US Person"** means a **"US Person"** as defined in Regulation S of the Securities Act (US) as amended and in force from time to time;
- "Valuation Day"** means the last Business Day of each year or as otherwise determined by Fund Company.
- 1.2 In this Instrument, unless otherwise specified:
- (a) references to the recitals, schedules, clauses, sub-clauses and paragraphs are to recitals, schedules, clauses, sub-clauses and paragraphs of this Instrument and references to this Instrument will include references to its schedules;
 - (c) headings to clauses and the schedule are for convenience only and do not affect the interpretation of this Instrument;
 - (d) a reference to any statute or statutory provision will be construed as a reference to the same as it may have been, or may from time to time be amended, modified or re-enacted;
 - (e) references to times of the day are to Bahrain time; and
 - (f) words importing the singular include the plural and vice versa, the masculine gender includes the feminine gender and vice versa and a reference to a person includes a body corporate;
 - (g) a reference to a party in a document includes that party's successors and permitted assigns.
- 1.3 In this Instrument, capitalized but not defined terms shall have the meaning assigned to them in the Placement Memorandum.
- 2. TERMS AND CONDITIONS**
- 2.1 The Units, the Unitholders and the Fund will be subject to the Conditions.

- 2.2 Units will be issued to Unitholders from time to time upon the making of Capital Contributions in connection with the Initial Contribution and subsequent drawdowns, as more fully described in the Placement Memorandum.
- 2.4 The Units will be issued in registered form and no certificates would be issued.
- 2.5 The total nominal value of each unit is US\$1. The rights of each Unitholder in respect of Units, when issued, will rank pari passu with all other Unitholders.
- 2.6 All distributions paid to the Fund from investments made by the Fund Manager will be either retained by the Fund or distributed to Unitholders, at the discretion of the Board.
- 2.7 The Fund may make distributions to Unitholders at the discretion of the Directors, which may be made in cash or in kind, according to the terms and conditions of the Placement Memorandum.
- 2.8 The NAV payable in respect of Units redeemed compulsorily will be calculated on the Valuation Day.
- 2.9 Monies representing the NAV, payable in respect of a compulsory redemption, shall be payable upon the issuance of a Notice of Compulsory Redemption in accordance with this Instrument, at the principal place of business of the Fund Manager, or such other place as may be notified to Unitholders from time to time.
- 2.10 The provisions of this Instrument shall be for the benefit of and shall be binding upon Unitholders as the same may be registered from time to time.
- 2.11 The provisions of the Articles shall be binding on all Unitholders.
- 2.12 Dates and periods of time are according to the Gregorian calendar.
- 2.13 This Instrument shall be governed by and construed in accordance with the laws of the Kingdom of Bahrain and any dispute in connection with the enforceability or interpretation of the Instrument shall be referred to arbitration in accordance with Bahrain's arbitration laws in force at the time of such dispute.

IN WITNESS whereof this Instrument has been executed the day and the year first above written

Manaf A. Alhajeri

Ali H. Khalil

Sami Raja Shabshab

Bassam N. Othman

Milad A. Elia

SCHEDULE 1 TO APPENDIX C

Conditions of the Units**1. Register**

1.1 A Register of the Unitholders (the "Register") will be kept by the Registrar and a copy held by the Fund Company and the Fund Manager, and there shall be entered in such Register:

- (a) the names and addresses of the holders for the time being of the Units;
- (b) the number of Units and value of the Units held by each Unitholder;
- (c) the date upon which the name of each such Unitholder is entered in the Register in respect of the Units standing in his name;
- (d) the date on which any transfer is registered and the name and address of the transferee; and
- (e) the names of Defaulting Unitholders, the number of Units in default, the date on which Defaulting Unitholders default and their Contributions as of the date default.

1.2 Any change of the name or address of any Unitholder shall forthwith be notified to the Registrar, and thereupon the Register shall be altered accordingly.

1.3 Any Unitholder shall be at liberty at all reasonable times during the office hours of the Fund Company to inspect the Register.

1.4 Except as required by law, the Fund Company will recognize each Unitholder as the absolute owner of the Units in respect of which he is registered, and shall not be bound to take notice or see to execution of any trust whether express, implied, or constructive, to which any Unit may be subject. A receipt duly given in accordance with the provisions of the Instrument, for any monies payable in respect of any Unit or the payment by cheque or warrant sent by post pursuant to Condition 7.5 below, shall be a good discharge to the Fund Company notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to, or in such Unit or monies. No notice of any trust, whether express, implied, or constructive, shall be entered in the Register in respect of any Unit.

1.5 Every Unitholder will be recognized by the Fund Company as entitled to his Units free from any equity, set-off, or counter-claim on the part of the Fund Company against the original, or any intermediate holder of such Units.

2. No Certificates

The Units held by any person shall be represented by book entries in the Register held by the Registrar. Physical certificates will not be issued unless otherwise decided by the Board.

3. Units

Each Unit is in registered from and may be transferred, subject to the provisions of this Instrument and the Placement Memorandum.

4. Transfer of Units

- 4.1 No Unitholder may transfer, sell, mortgage, assign, create, or permit to subsist any pledge, lien, charge, or encumbrance or grant any option, or other rights, or otherwise dispose of (each a "transfer") any Unit except under certain limited circumstances and with the prior written consent of the Fund Company, (which consent may be granted or withheld), except where a purported transfer is to a US Person, in which case the Fund Company may withhold its consent at the sole discretion of the Board), and in compliance with the conditions for transfer of Units provided for in the and Placement Memorandum and the Subscription Agreement.
- 4.2 Notwithstanding the foregoing, the Fund Manager/Registrar may in its sole discretion refuse to accept any transfers to US Persons, and prior to the registration of any transfer the Directors may require of a proposed transferee or transferor such documentation, certifications, notifications, agreements, warranties, legal opinions of duly qualified counsel as they may reasonably require (including but not limited to, in the case of transferees that are US Persons as defined in Regulation S, an opinion of counsel to the effect that the transferee will not be counted as more than one beneficial owner of the Units (for purposes of the Fund Company's reliance upon Section 3(c)(1) of the Investment Company Act)) and such other information as the Board may consider appropriate to ensure the proposed investor or transferee would be entitled to hold Units and that all applicable laws will be, or would have been, complied with.

5. Redemption

- 5.1 The Fund Company shall have power to impose such restrictions and conditions as it considers necessary (including, with limitation, delivery of any documents by any transferor or transferee) for the purpose of ensuring that none of the Units of the Fund are acquired, beneficially owned or held by any person in breach of any law or requirement of any country or governmental authority, by a person who by virtue of any such law is not qualified to hold such Units or by any person whose holding of those Units might in the opinion of the Directors cause or be likely to cause a pecuniary or tax disadvantage to the Fund or any shareholder.
- 5.2 The Fund Company may redeem the whole or a specified percentage of any Units sold in contravention of any of the prohibitions contained in the Placement Memorandum, the Instrument or the Articles and may compulsorily redeem the Units of any investor at any time if, at the Directors' discretion, such redemption would be appropriate to protect the Fund Company from a requirement to register as an investment company under the US Investment Company Act, the Fund Manager from a requirement to register as an investment adviser under the US Investment Advisers Act, as amended, or to protect the Fund Company, the Fund Manager, the affiliates of any of the foregoings, or the Unitholders as a whole, from adverse pecuniary, tax, material, legal or regulatory consequences.
- 5.3 The Fund shall be entitled compulsorily to redeem all of the Units so held in accordance with the provisions and procedures contained in this Instrument and the Placement Memorandum.
- 5.4 Units which are compulsorily redeemed shall forthwith be treated as cancelled.
- 5.5 The Fund is **an Exempt close-ended** Fund for a term of five years, with the option for the Board to extend the life of the Fund by up to two additional one year periods.
- 5.6 Subject to the provisions of the Instrument and the Placement Memorandum, no redemption of Units is allowed until expiry of the Term of the Fund, including the extension periods.

6. Payments

- 6.1 Any moneys payable on or in respect of any Units may be paid by cheque or warrant in US dollars and (a) sent through the post to the address of the Unitholder in the Register, or (b) collected by the Unitholder in person from the office of the Fund Company where specific written instructions to this effect, from the Unitholder, are received by the Fund at least five Business Days before the date of distribution of the said moneys. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person or persons as the Unitholder may in writing direct and payment of the cheque or warrant shall be in satisfaction of the moneys represented thereby. The Fund will not be liable or responsible for any loss or delay in the post.
- 6.2 All payments will be made by the Fund Company after the deduction or withholding of any amounts which the Fund Company is required to deduct or withhold for, or on account of, any present or future tax.
- 6.3 If any Unitholder fails or refuses to accept payment of the moneys repayable in respect of Units held by him, the Fund Company shall be at liberty to deposit in a bank account the amount due to such Unitholder and, upon such deposit or payment being made, those Units shall be deemed to have been repaid and satisfied in accordance with the provisions hereof. Such an account shall not bear interest.

7. Distribution

- 7.1 Distributions to Unitholders will be made in accordance with the terms and conditions stipulated in the Placement Memorandum.
- 7.2 The Fund Company may disburse income in respect of the Unitholders but no distribution shall exceed the amount recommended by the Board.
- 7.3 No income distribution shall be payable except out of the net realised dividends and capital gains of the Fund available for distribution under the provisions of the Law and the Placement Memorandum, after taking the necessary prior approval of the Central Bank of Bahrain. Subject to the provisions of the law, the declaration of the Directors as to the amount of the net realised capital gains of the Fund shall be conclusive.
- 7.4 The Board may deduct income from any distribution or other moneys payable to a Unitholder on or in respect of a Unit any sum of money then payable by him to the Fund.
- 7.5 The Board may retain any income payable to any person entitled to a Unit by transmission until such person has produced such evidence of his right as the Board may require.
- 7.6 Any income or money payable in cash in respect of a Unit may be paid by cheque or warrant either (a) sent through the post directed to the registered address of the holder of the Unit, or to such person and to such address as the holder may in writing direct, or (b) sent through the post to the address of the Unitholder in the Register, or (c) collected by the Unitholder in person from the office of the Fund Company where specific written instructions to effect, from the Unitholder, are received by the Fund Company at least five Business Days before the date of distribution of the said moneys. Every such cheque or warrant shall be a good discharge of the Fund Company. Every such cheque or warrant shall be sent at the risk of the persons entitled to the money represented thereby.
- 7.7 No income payable in respect of a Unit shall bear interest against the Fund.

- 7.8 If, as a result of cheques or warrants for income or money payable in respect of a Unit sent by the Fund Company to the Unitholder being returned undelivered to the Fund Company or left un-cashed on two consecutive occasions, the Fund Company is aware that such cheques or warrants have not been received by the Unitholder then the Fund Company shall no longer be obliged to send by post any income or other money payable in respect of that Unit to that Unitholder until he notifies the Fund Company of another address and unclaimed dividends or other money payable in respect of a Unit into a separate account shall not constitute the Fund Company a trustee in respect thereof. Any income not claimed within ten years from the date declared will be forfeited by the Unitholder to the Fund Company.
- 7.9 The Board may, before recommending any income distribution, set aside out of the Fund's profits and carry to reserve such sums as they think proper which shall be either (i) invested in such Investments as the Directors think fit or (ii) retained to maintain reserves for expenses and other obligations of the Fund. The Board may divide the reserve into separate accounts and consolidate wholly or partly any separate accounts into the reserve fund. The Board may also, without placing the same to reserve, carry forward any profits which they think it prudent not to divide.
- 7.10 The Fund Company in general meeting or the Board may by resolution specify that any distribution, allotment, or issue to Unitholders shall be paid or made to the persons registered as the holders of Units at the close of business on a particular date, notwithstanding that it may be a date before or after that on which the resolution is passed, and thereupon the distribution, allotment, or issue shall be paid or made to the holders of Units in accordance with their respective holdings registered on that date.

8. Notices

- 8.1 Any notice or other document shall be given or sent to any Unitholder by sending the same by hand or through the post in a prepaid letter addressed to such Unitholder at his address appearing in the register. Any notice given by post shall be deemed to have been served twenty four hours (five days if by airmail) after the time when it is posted and, in providing such service it shall be sufficient to prove that the envelope containing the notice was properly addressed, stamped, and posted.
- 8.2 Notwithstanding Condition 8.1 notices regarding the Units will be valid if published in one local Arabic and one local English daily newspaper printed in Bahrain. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

SCHEDULE 2 TO APPENDIX C

Notice of Transfer

To:

GULF CUSTODY COMPANY BSC (C)

,P.O.Box 2400, Manama, Kingdom of Bahrain.
 Fax: +973 17382555

[Date]

Markaz Real Estate Opportunities Fund: Notice of Transfer of Units

This Notice of Transfer is given in respect of Units issued pursuant to a Subscription Agreement executed between Markaz Real Estate Opportunities Fund Company B.S.C. (C) (the "Fund Company") and the undersigned on or about [·], 2006.

Details of Units to be transferred: _____

Name of Transferor of Units: _____

Name of Transferee of Units: _____

Date of transfer of Units: _____

Details of Transferee:

Full Name:	
Address:	
Telephone:	
E-mail:	
Bank Account Details	

The Transferee hereby notifies the Administrator that the above Units have been transferred by the Transferor to the Transferee of the Units.

Executed on [] 2006

Transferee

Transferor

SCHEDULE 3 TO APPENDIX C
COMPULSORY REDEMPTION NOTICE
FOR UNITS IN
MARKAZ REAL ESTATE OPPORTUNITIES FUND

Please fax and mail the original to:

[UNITHOLDER NAME]

[UNITHOLDER ADDRESS]

Fax: + _____

The Fund Manager

of _____

gives notice of redemption of the following Units in the Markaz Real Estate Opportunities Fund:
_____ Number of Units, or US Dollars amount, to be redeemed.

Funds will be wire transferred to:

Bank name

Bank address

ABA#/Sort Code

Account name

Account number

*Sub-account name

*Sub-account number

*if required

NB: the above bank details have been taken from your Subscription Agreement.

SIGNED

By the Fund Manager

Name of signatory/signatories

Signature

_____	_____
_____	_____

Date: _____

REDEMPTION INSTRUCTIONS:

Kuwait Financial Centre SAK or any of its delegates shall process this Compulsory Redemption Notice within 10 Business Days from the date thereof.

Neither the Fund Company nor the Fund or the Fund Manager will be in any way liable to any Investor (corporations, limited partnership ... etc.) by reason of such Compulsory Redemption.