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REAL ESTATE  
MARKAZ

## Markaz Real Estate Fund Prospectus

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## Preamble

Kuwait Financial Centre (S.A.K) announces the availability of investment Units for public subscription of Markaz Real Estate Fund, in accordance with the provisions of the Law Decree No. 31 for the year 1990 regulating the trading of Financial Securities and establishment of Investment Funds and its Ministerial Resolution No. (113) for year 1992 and the subsequent amendments thereto. And pursuant to the approval of the Ministry of Commerce & Industry as well as the Central Bank, the Fund terms are summarized as follows:

**Fund Manager:**

Kuwait Financial Centre S.A.K. "Markaz" shall act as the Fund Manager in accordance with the provisions and rules stated in these Articles of Association. The Fund Manager that was 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 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.

**Fund's Name:**

"Markaz Real Estate Fund".

**Fund's Objectives:**

The Fund aims to realize capital and cash profits and pay dividends and cash profits in form of monthly payments through investing the Fund capital in purchasing and developing income generating and non-generating properties. The Fund shall also endeavor to invest in the real estate properties to which value can be added, in accordance with investment policy and risks in compliance with Islamic Shari'ah.

**Shari'ah Committee:**

The Fund shall have a Shari'ah Committee that will issue binding resolutions and consist of three members to be appointed by the Fund Manager for three years and renewed on an annual basis

**Fund's Term:**

The Fund term shall be (5) five calendar years commencing from the date of publishing the approval to establish the Fund in the official gazette, renewable for similar term upon the approval of the Fund Investors who possess more than fifty (50 %) percent of the issued Investment Units.

**Fund Capital:**

The Fund capital shall be variable with a minimum limit of KWD 5,000,000 (Kuwaiti Dinars Five Million) and a maximum limit of KWD 50,000,000 (Kuwaiti Dinars Fifty Million).

**The Investment Units:**

The Investment Units are nominal, the value of each Unit is One Kuwaiti Dinar undividable and their number shall range from (5) five million to (50) fifty million Units.

**Minimum and Maximum Subscriptions:**

The number of Units subscribed by any investor of the Fund shall not be less than (1,000) one thousand Units upon subscription and shall not exceed the equivalent value of (60%) of the issued Units.

**Subscription and Redemption:**

The Investors shall be entitled to redeem their units and others may subscribe in the Fund through submission of the relevant form to the Fund Manager prior to (10) days in advance after the elapse of one year from the date of closing the initial subscription. For redemption and subscription purposes, the Units shall be evaluated as follows:

- 1) Subscription process shall commence after finalization of initial placement procedures, allocation of units and elapse of one year from closing initial placement where subscription shall take place on a monthly basis.
- 2) Redemption process shall commence after elapse one year from closing the initial subscription, where each investor shall be entitled thereafter to redeem Units on semi-annual basis.
- 3) Subscription shall be made as mentioned in Article (25) in these Articles of Association by filling in subscription application prepared for this purpose and submit the same to the Fund Manager accompanied with required documents and value of Units required for purchasing along with observing the minimum limit set forth in the Articles of Association, provided that subscription shall take place as per declared valuation price for Net Asset Value in accordance with the provisions of Article (58) as determined by the Custodian under the provisions hereof plus subscription fees received by the Fund Manager amounting (2%) of Net Value of the Unit.
- 4) Redemption shall be as per declared valuation price for Net Asset Value as determined by the Custodian.
- 5) If the difference between number of Units to be redeemed and number of Units to be invested is higher than (10%) of the Fund issued capital prior to the deadline specified for receiving the redemption and subscription applications then, the Fund Manager may suspend the redemption process for that period, following the approval of the Supervisory Authority, or it may reduce the number of redeemed Units using the pro rata basis whereby the total redemption does not exceed ten percent (10%) of the Fund's capital.

- 6) Capital, the allotment of the Units to the new subscribers shall be performed on pro rata basis.
- 7) The Fund Manager may suspend the redemption process, following the approval of the Supervisory Authority,

#### **Investment Period:**

The Fund shall be open throughout the period specified in the Prospectus pertinent to the Fund (30 days). The Fund Manager may ask the Ministry of Commerce & Industry to extend the subscription period for a similar period(s) in case the initial subscription period elapsed without covering all the Investment Units offered for subscription.

#### **Placement Agent:**

Kuwait Financial Centre S.A.K (Markaz)

#### **Fund Manager Contribution:**

The Fund Manager shall commit to subscribe to a minimum of five percent (5%) of the Fund capital and the Fund Manager's, provided that such percentage shall not exceed fifty percent (50%) of the issued Units.

#### **Screen and sort:**

- 1) The Fund Manager shall screen and sort subscription applications and conduct allocation processes within 15 days from the offending date of the initial subscription period.
- 2) In the event that the number of subscribed units is higher than the Fund capital, allocation shall be made by distributing investment units to subscribers each pro rata their subscription percentage after distribution the minimum subscription to all subscribers. Distribution shall be rounded up to the nearest integer unit.
- 3) The amounts in excess of the value of allocated investment units of the Fund shall be returned to the subscriber within (15) days from the ending date of completion of allocation procedures. No interests will be payable for such amounts.

#### **The Auditor:**

Bader & Co. PricewaterhouseCoopers.

#### **Custodian:**

Kuwait Clearing Company S.A.K.

#### **Reports and budgets:**

- 1) The Fund Manager must issue quarterly, semi-annually and annual reports.
- 2) The Fund's annual financial statements shall be published in at least two (2) Kuwaiti daily newspapers, pursuant to the approval of the Supervisory Authority.
- 3) The Fund Manager shall enable the Investors to whom units are assigned to inspect annual and quarterly reports and any other financial statements that may have material impact on the value of these Units.

#### **Management fees:**

The Fund Manager shall receive annual management fees of (10%) of the Fund's net realized income as well as receiving incentive fees of (20%) of the net realized income after deducting (8%) as annual return for the Fund shareholders, provided that such portion shall not exceed (5%) of the Fund Net Asset Value.

#### **Fees and Expenses:**

The Fund Manager shall receive subscription fees of (20) of the Fund Capital upon establishment and incorporation of the Fund.

#### **Custodian Fees:**

Consideration of undertaking his duties as required under these Articles, the Custodian shall receive annual fees at the rate of 0.175% of the Fund's Net Asset Value to be calculated on a monthly basis and deducted at the end of every quarter.

#### **Dividends distribution:**

The Fund shall pay cash returns and dividends on monthly payments and advertise distribution, timing and value thereof in at least two daily newspapers after obtaining the approval of the Supervisory Authority.

#### Investment & risk policies:

The Fund Manager shall follow a balanced investment policy that aims to realize cash and capital profits in accordance with the policies set out below:

- 1) The Fund aims to realize stable cash profits and long term capital profits through investing in the purchase and development of income-generating properties.
- 2) The investment shall focus on the properties which performance can be improved through rehabilitation and enhancement of their performance through value adding
- 3) The Fund Manager may not invest more than (20%) of the Fund's capital in one property.

#### Cases and procedures for Liquidation:

The Fund shall expire by any of the following reasons:

- 1) Conclusion of the tenure specified for the Fund.
- 2) Accomplishment of the purpose for which the Fund was established.
- 3) Termination of the Fund Manager's Company or declaration of its bankruptcy, unless it is replaced by another Manager.
- 4) Issuance of a court ruling stipulating the dissolution of the Fund.
- 5) If the Investment Unit declines below (50%) of its nominal value provided that (75%) of the units Investors' approval is obtained and this remain an option for the Fund Manager.
- 6) The Fund is removed from the Investment Funds Register of the Ministry of Commerce & Industry and the Central Bank of Kuwait.
- 7) In case the Supervisory Authority deems fit to liquidate the Fund at its sole discretion or in case of the Fund Manager's request for reasons to be assessed by the Supervisory Authority in both cases.
- 8) Sanction by seventy five percent (75%) of the Fund Investors on the liquidation, upon a request from those holding (5%) of the Units or the Investment Units, which must be submitted to the Supervisory Authority.
- 9) Any other reason as stipulated in the Fund's Articles of Association.

The Fund Manager shall liquidate the Fund in accordance with the procedures stated in the Fund's Articles of Association.

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