

Notice to Investors

We advise all investors to read and understand this **Prospectus**. In case of any doubt, investors are advised to consult with a specialist who is licensed to provide advice on taking the decision to subscribe in the **Fund**.



KAMCO Real Estate Yield Fund

Open-ended Real Estate Investment Fund, with Variable Capital

Prospectus

ENGLISH TRANSLATION OF THE OFFICIAL ARABIC LANGUAGE PROSPECTUS

Sales Agent



Fund Manager



Quality Advice. Proven Results.
نصائح قيمة. نتائج مثبتة.

KAMCO Investment Company K.S.C. (Public) ("KAMCO")

Sales Agent



Custodian

Kuwait Clearing Company KSC (Closed)

Investment Controller

Kuwait Clearing Company KSC (Closed)

Responsibility Statement

The **Prospectus** is reviewed by the **Fund Manager** and its approval is obtained thereof. The **Fund Manager** and the **Board of Directors** of the **Fund** individually and jointly assume the entire responsibility for the accuracy of information contained in the **Prospectus**. They further confirm according to the best of their knowledge that they have conducted all the required due diligence, to ensure that there are no incorrect or misleading information or any omission of other facts that would render any particular in the **Prospectus** false or misleading.

Disclaimer

The **Regulatory Authority** has approved the establishment of the real estate investment fund and the offering of its units. The **Regulatory Authority** assumes no responsibility for the contents of this **Prospectus** and it gives no confirmation regarding its accuracy or completion and holds itself harmless expressly from any liability whatsoever for any loss resulting from the content of this **Prospectus** or the reliance on any part thereof. The **Regulatory Authority** gives no recommendation about the merit of investment in the **Fund** or otherwise.

Preamble

In line with the provision of the Law No. (7) of 2010 regarding the establishment of Capital Markets Authority “**CMA**”, its executive regulations, subsequent amendments, the regulating decisions and conditions and investment guidelines for Real Estate Funds, and the approval of the **CMA** dated 9th December 2013, **KAMCO Real Estate Yield Fund** was established according to the **Articles of Association** of the **Fund** and any future amendments made thereto.

The **Fund Manager** will state in the subscription application form a clause which stipulates that the **Fund’s Unit holders** should have a copy of the **Articles of Association** of the **Fund** and should accept all its clauses as an integral part of the subscription application form, and that their signature on the **Articles of Association** is considered an explicit acceptance thereby of the substance of the **Articles of Association** of the **Fund** and compliance with its content.

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Section 1 – Definitions

Fund Name	KAMCO Real Estate Yield Fund
Fund Capital	The capital is variable from USD 18,000,000 (eighteen million American Dollars only) to USD 550,000,000 (five hundred and fifty million American Dollars only).
Number of Fund Units	The Fund Units are from 1,800,000 to 55,000,000 units. The nominal value of each is USD 10 at establishment.
Minimum Subscription	The minimum subscription in the Fund is 5,000 units; the value of each is USD 10 at establishment.
Maximum Subscription	75% of total number of the outstanding Fund units
Fund Term	Twenty years renewable after the approval of the CMA and the Unit Holders Assembly is obtained.
Regulator	Capital Markets Authority in Kuwait (“ CMA ”).
Fund Manager or Manager	KAMCO Investment Company K.S.C. (Public) (“ KAMCO ”)
Investment Controller	Kuwait Clearing Company
Custodian	Kuwait Clearing Company
Sales Agent	The entity appointed by the Fund Manager to receive the Subscription Application Forms of the Fund and authorized by the Fund Manager to collect the subscription proceeds for the Fund .
External Auditor	Qais Mohamed Al Nisf – BDO Al Nisf & Partners
Management Fee	For the purpose of managing and investing the fund capital, the Fund Manager shall receive annual management fees of 10% of the net realized income.
Invested Amount	The principal amount paid by the subscriber for subscription in the Fund units . This amount excludes any profits that may be earned during the Fund term.
Subscription Price	USD 10 at Fund establishment, and according to the net asset value after the establishment of the Fund
Subscription Fee	Up to 2% of the Invested Amount
Redemption Price	According to the net asset value (“ NAV ”)
Targeted Markets	GCC countries and/or Hashemite Kingdom of Jordan and/or Republic of Lebanon and/or Kingdom of Morocco and/or Arab Republic of Egypt.
Real Estate Assets	The residential, investment and commercial real properties of various types consistent with the Articles of Association of the Fund and the applicable laws in the targeted markets .

Fund's Related Parties	The Fund Manager or any of its subsidiaries or associate companies, Board of Directors of the Fund , Board of Directors of the Fund Manager , any of the Executive Management or employees of the Fund Manager or any of their spouses or relatives up to the second degree of any of the parties above, Fund Custodian , Fund Investment Controller , Real Estate Appraiser , Fund Auditor , auditor of the Fund Manager , any unit holder holding more than (5%) of the net assets of the real estate investment fund or any affiliate person or any person that has control on any of the aforementioned persons.
Applicable Law	Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulation of the securities activity and the subsequent amendments made thereto and any other related laws.
Executive Regulation	The executive regulation of the Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and regulation of the securities activity and the subsequent amendments made thereto.
Business Day	The day on which the Kuwaiti banks transact their work in Kuwait.

Section 2 – Details of the Fund

Fund Name

- KAMCO Real Estate Yield Fund

Fund Form

- Open-ended real estate investment **Fund**, with variable capital

Fund Type

- Real estate Investment fund (according to the real estate investment definition set out in the **Articles of Association** of the **Fund**).

Fund Currency

- American Dollar

Fund Registered Office

- The registered office of the **Fund** shall be the registered office and legal address of the **Fund Manager**, Kuwait, Khaled Bin Al Walid Street, Al Shahid Tower, P.O. Box: 28873 Safat, Postal Code 13149.

Fund Capital

- The capital is variable from USD 18,000,000 (eighteen million American Dollars only) to USD 550,000,000 (five hundred and fifty million American Dollars only).

Number of Fund Units

- The **Fund Units** are from 1,800,000 to 55,000,000 units. The nominal value of each is USD 10 at establishment.

The Payment Method of Fund Capital

- The period of subscription in the **Fund** shall commence on 15 December 2013 until the end of the **Business Day** of Thursday 13 March 2014.
- The subscription shall be open throughout the period specified in the invitation and it shall close after the expiration of this period. If the period of subscription is about to expire and the minimum units is not covered, the **Fund Manager** may request **CMA** to extend it for a similar period as specified in the invitation. If the period expires and all units are not covered, the **Fund Manager** may reduce

the capital to the extent it is covered but not to be less than eighteen million American Dollars post obtaining **CMA** approval. Further, it may retract the establishment of the **Fund**, and in this case, the subscribers shall be refunded their paid amounts along with the generated proceeds, within **five Business Days** from the date of its said resolution.

Investment Objective of the Fund

- **The Fund** aims to invest in the real estate sector directly and indirectly by purchasing, selling and letting of real estate assets inside and outside Kuwait. The **Fund Manager** shall endeavor to invest in attractive real estate investments in the targeted markets through the adoption of a balanced investment policy to minimize the investment risks and preserve the **Fund's** capital through the diversification of assets across low-risk and income generating investment opportunities. The Fund can also establish or contribute in the establishment of companies or invest in real estate portfolios to own real estate properties inside and outside Kuwait.

Key Strategies, Restrictions and Investment Rules

- **Key investment objectives of the Fund are:**

1. Purchase, sell and let income generating real estate properties inside and outside Kuwait.
2. Invest in income generating real estate sector directly or indirectly.
3. Invest in real estate funds in the targeted markets consistent with the **Articles of Association** of the Fund and the investment guidelines.
4. Establish or contribute in the establishment of companies to own real estate assets in the targeted markets.
5. Invest in securities related to the real estate sector consistent with the **Articles of Association** of the **Fund** and the investment guidelines.

The **Fund** invest at least 75% of its net asset value to achieve its key investment objectives. The **Fund** has the right to invest the cash surplus in short and mid-term deposits in local and foreign banks and/or in bonds or other liquid financial instruments that permit the **Fund Manager** to realize higher proceeds to the **Fund**.

Investment Rules, Policies and Risks

1. The **Fund Manager** shall invest the **Fund's** monies in the real estate sector directly and indirectly by purchasing, selling and letting of real estate properties inside and outside Kuwait. The **Fund Manager** shall endeavor to invest in attractive real estate opportunities in the targeted markets through the adoption of a balanced investment policy to minimize the investment risks and preserve the Fund's capital through the diversification of assets across low-risk and income generating investment opportunities. The Fund can also establish or contribute in the establishment of companies or invest in real estate portfolios to own real estate properties inside and outside Kuwait.
2. The **Fund** may invest a maximum of 10% of its net asset value in securities consistent with the **Articles of Association** of the **Fund**.
3. The **Fund** may invest a maximum of 15% of its net asset value in other real estate funds consistent with the **Articles of Association** of the **Fund** and the stated provisions.
4. The cash surplus may be invested in short and mid-term deposits in local and foreign banks.
5. Without prejudice to **Clause (2), Investment Rules Policies and Risks**, the **Fund** may invest in bonds or other liquid financial instruments that permit the **Fund Manager** to realize the highest amount of proceeds to the **Fund**.
6. The **Fund's** investments exposure in a single property should not exceed 30% of the Fund's net asset value at the time of acquiring the real estate property.
7. Without prejudice to **Clause (6), Investment Rules Policies and Risks**, the **Fund** may establish or contribute in the establishment of companies to own real estate properties inside and outside Kuwait.

The **Fund Manager** shall disclose any indirect debts on the portfolios or companies in which the **Fund** is invested to own real estate properties.

8. The **Fund** shall be restricted from performing the following:
 - a. Grant credit.
 - b. Purchase any security issued by the **Fund Manager** company or any of its subsidiaries

unless within limits of the rules set by **CMA** in this regard.

- c. Purchase any security for which the **Fund Manager** acting as a placement and selling agent unless within limits of the rules set out by **CMA** in this regard.
- d. Take loan or enter into operations resulting in obligations of more than 40% of the **Fund's** net asset value directly or indirectly to invest in the real estate field.
- e. Take loan or enter into operations resulting in obligations of more than 10% of the **Fund's** net asset value to cover the redemption applications only. In all cases, the total loans shall not exceed 40% of the **Fund's** net asset value.
- f. The **Fund** purchases or sells property to the **Fund's** related parties unless an approval of the **Fund's** Board of Directors and **CMA** is obtained.

Nominal Value of Fund's Unit

- **The nominal value of each unit is USD 10 at establishment.**

Fund Units

- The **Fund** unit is a divisible security representing a share in this **Fund** and entitles its holder to exercise of all its resulting rights as common holder in this **Fund**.
1. The **Fund Manager** shall announce the net asset value of **Fund** units within the first seven **Business Days** of every appraisal period according to the market appraisal on the last **Business Day** in the previous appraisal period.
 2. The real estate investment fund assets shall be appraised on every day of transaction and not more than one day after the deadline of submitting the subscription and redemption application forms.
 3. The appraisal of investment fund assets can be delayed for not more than two **Business Days** after the deadline of submitting the subscription and redemption applications, if the **Fund Manager** decides that a large portion of the **Fund** assets cannot be appraised subject to obtaining the prior approval of the **Fund's Board of Directors** for this delay of appraisal.

Fund Term

- ▶ The date of the **Fund** registration in the investment fund register at **CMA** shall be the beginning date of the **Fund term** that lasts for twenty years renewable for a similar term or terms after the approval of the **CMA** and the **Unit Holders Assembly** is obtained.

Fiscal Year of the Fund

- ▶ The fiscal year of **the Fund** shall begin on the first of January of every calendar year and shall end at 31st of December of the same year except the first fiscal year of the **Fund** which shall begin from the date the **Fund** is registered in the investment fund register at the **CMA** and shall end on 31st of December of the following year.

Minimum Subscription

- ▶ The minimum subscription in the **Fund** is 5,000 (five thousand) units. The value of each is USD 10 (ten American Dollars) at establishment.

Maximum Subscription

- ▶ The maximum subscription in the **Fund** is 75% of the total outstanding **Fund** units.

Authorized Signatory of the Fund

- ▶ The **Fund Manager** alone has the right to sign for and represent the **Fund** in its relation with third parties and the judiciary.

Section 3 – Details of the Fund Manager

Fund Manager

- **KAMCO Investment Company K.S.C. (Public)** (“KAMCO” or “Fund Manager”).

Address of Fund Manager

- Kuwait, Al Sharq, Khaled Bin Al Walid Street, Al Shaheed Tower, P.O. Box: 28873 Safat, Postal Code 13149
Website: www.kamconline.com

Brief on Fund Manager

- **KAMCO Investment Company K.S.C. (Public)** (“KAMCO” or “Fund Manager”) is Kuwait based and registered in the commercial register under no. 74545 and handles the **Fund Manager** tasks on the terms and rules defined in these **Articles** and the Law No. (7) of 2010 regarding the Establishment of **Capital Markets Authority** and Regulation of the Securities Activity and its executive regulation and subsequent amendments made thereto. The **Fund Manager** was established on 15/9/1998 as a Kuwaiti Closed Joint Stock Company with paid and authorized capital of KWD 15,000,000 on the establishment date. The shares of KAMCO were listed on the Kuwait Stock Exchange in 2003.

Control/Supervision of the Company

- **The Fund Manager**, KAMCO Investment Company K.S.C. (Public) - **KAMCO**, is subject to the supervision of the **CMA** and the Central Bank of Kuwait.

Fund Manager Obligations

The Fund Manager shall perform the following tasks:

1. Manage the investment assets to achieve the **Fund's** investment objectives defined in its **Articles of Association** and any amendments made thereto.
2. Take all investments and other decisions in the interest of the **Fund** and the **Unit Holders**.
3. Register the **Fund's** purchase and sale operations made to benefit of the **Fund** accurately, chronologically and according to its timing.
4. Provide accounting system to measure the events and financial transactions of the **Fund** and verify

that there is adequate review course for transactions inserted in the system.

5. Ensure there is an adequate system to implement settlements on the transactions inserted in the accounting system with the cash accounts and securities opened in the name of the **Fund** with the **Custodian**.
6. Provide sufficient liquidity to the **Fund** to fulfill any due obligations.
7. Protect the **Fund** from any unnecessary investment risks in line with the **Articles of Association** of the **Fund**.
8. Provide all necessary information on the **Fund** to all board of directors of the **Fund** to enable them to efficiently perform their duties.
9. Notify **CMA** immediately of any development in the **Fund** operations that may expose interests of the **Unit Holders** to risk.

Fund Manager's Participation

- The Participation of the **Fund Manager** shall not be less than 5% of the **Fund Capital** throughout its term. This shareholding cannot be disposed of as long as the **Fund** exists. The certificates of this shareholding shall be kept with the **Custodian**. The shareholding of the **Fund Manager** may not exceed 75% of the **Fund Capital**.

Summary of the Consolidated Financial Results

- The following table summarizes the consolidated financial statement results of the **Fund Manager** as on **31 December 2012**:

Item	(million KD)
Assets	76,78
Capital	26,33
Liabilities	42,45
Equity	34,33
Equity of shareholders in the Fund Manager	32,38
Total revenues	1,09
Net profit (loss)	(11,69)

Shareholding Structure of Fund Manager

- ▶ The following table set out the percentage holding of the **Fund Manager** key shareholders who own 5% or more of the total share capital as of 30 June 2013:

Investors holding more than 5% as on June 30, 2013	No. of shares (in Million)	Shareholding
United Gulf Bank BSC	204.93	77.83%

The Board of Directors of the Fund Manager

- ▶ The Board of Directors of the **Fund Manager** consists of five members. Each director is elected at an ordinary general assembly meeting of the shareholders for a three years term and is eligible for re-election upon expiration of such term.

The Fund's Board of Directors as follows:

Name	Title
Sheikh Abdullah Nasser Sabah Al-Ahmad Al-Sabah	Chairman
Mrs. Entisar Abdul Raheem Al-Suwaidi	Vice Chairman
Sheikha Dana Nasser Sabah Al-Ahmad Al-Sabah	Member
Mr. Masaud Mahmoud Jawhar Hayat	Member
Mr. Tariq Mohammad Abdulsalam	Member

Section 4 – Details of the Custodian

Custodian

- ▶ **Kuwait Clearing Company** K.S.C (“**KCC**” or “**Custodian**”) shall handle the **Custodian** tasks and its registered office is in Kuwait.

Custodian Address

- ▶ P.O. Box: 22077 Safat 13081, Kuwait.

Brief on the Custodian

- ▶ **Kuwait Clearing Company** is established in 1982. It is the central clearing, settlement and depository entity for the Kuwaiti securities market. KCC provides clearing, settlement; depository services to all Kuwait Stock Exchange traded securities, and derivatives. It also provides depository services for unlisted equity securities and debt instruments. KCC provides registrar and trustee services to the companies and investment funds, and performs local and regional custody services for both local and foreign investors.

Control/Supervision of the Custodian

- ▶ The **Custodian** is subject to the control of the **CMA** in Kuwait.

Custodian’s Key Roles and Responsibilities to the Fund

1. The Custodian shall perform the following tasks:

- Maintain Fund’s cash and assets in separate and independent accounts from their own accounts and other accounts. It shall exert the diligence of a cautious person and protect interests of the Fund in every procedure or action. It shall assume the full responsibility for any loss of the Fund assets resulting from the negligence or misconduct of itself or its affiliates.
- Receive, keep and deposit the cash profits and any other dividends resulting from the Fund activity.
- Notify the **Fund Manager** of any proposals or rights on the **Fund** assets and send any notices it receives in the determined period.
- Implement the instructions of the Fund Manager regarding the work scope of the Custodian.

- The **Custodian** may keep the **Fund** assets outside Kuwait to facilitate the external operations by the appointment of sub-custodian which shall not exempt the **Custodian** of its responsibilities. It shall take the approval of the **Fund Manager** on all the contracts concluded between the Custodian and the sub-custodian. Such contracts shall provide adequate protection to the assets according to conditions consistent with the contract concluded with the **Custodian**.

- The Custodian/sub-custodian shall exert diligence of cautious person in safe-keeping of the **Fund** assets.

- The written approval of the **Fund Manager** of all the contracts concluded between the **Custodian** and the sub-custodian shall be obtained. Such contracts shall provide adequate protection to the assets according to conditions consistent with the contract concluded with the **Custodian**.

- All contracts concluded whether with the Custodian or sub-custodian shall regulate the following matters:

- The requirements that enable the investment fund to exercise the rights related to the assets retained with the **Custodian**.
- The requirements of the place of safe-keeping the investment fund assets.
- The method that is followed in the custody of assets.
- The level of care and responsibility for loss.
- Conformity and compliance reports.
- The fees and its calculation.

- The contracts concluded whether with the Custodian or sub-custodian shall exclude any clauses that permit any sort of mortgage of the **Fund** assets. Further it shall exclude clauses that allow charging of fees or expenses in favor of either of them for the purpose of transferring the title deed of the **Fund** assets.

Section 5 – Details of the Investment Controller

Investment Controller

- ▶ **Kuwait Clearing Company** K.S.C (“**KCC**” or “**Investment Controller**”) shall handle the **Investment Controller** tasks and its registered office is in Kuwait.

Investment Controller Address

- ▶ P.O. Box: 22077 Safat 13081, Kuwait.

Brief on the Investment Controller

- ▶ **Kuwait Clearing Company** is established in 1982. It is the central clearing, settlement and depository entity for the Kuwaiti securities market. **KCC** provides clearing, settlement; depository services to all Kuwait Stock Exchange traded securities, and derivatives. It also provides depository services for unlisted equity securities and debt instruments. **KCC** provides registrar and trustee services to the companies and investment funds, and performs local and regional custody services for both local and foreign investors.

Control/Supervision of the Investment Controller

- ▶ The **Investment Controller** is subject to the control of the **CMA** in Kuwait.

Investment Controller’s Key Roles and Responsibilities to the Fund

- ▶ **Kuwait Clearing Company** shall handle the tasks of the **Investment Controller** of the **Fund**. It shall provide all information, documents and data requested by the **CMA**. **CMA** may appoint substitute investment controller at request of the **Fund Manager** or the **Fund’s Board of Directors** or if **CMA** considered this necessary in any of the following cases:

1. The failure of the **Investment Controller** to fulfill its obligations that exposes interests of the **Unit Holders** to risk.
2. The commission of the **Investment Controller** of substantial violation of the Law no. (7) of 2010 and its executive regulations.
3. Any other cases the **CMA** considers – based on reasonable basis – to be of substantial importance.

- ▶ **The Investment Controller shall handle the following tasks:**

1. Implement the issued regulations and procedures and that might be issued by **CMA** that regulates the investment funds.
2. Maintain regular books and records according to the accounting systems in connection with the **Fund** and submit periodical reports to **CMA** as requested.
3. Ensure that the **Fund** assets are managed and invested according to the Law No. (7) of 2010 and its executive regulations and regulating decisions and laws of **CMA** and invested within limits of methods and policies defined in the **Articles of Association** of the **Fund** and decisions and instructions of the **Fund’s Board of Directors**.
4. Notify the **CMA** and the **Fund’s Board of Directors** of any offences committed by the **Fund Manager**.
5. Appraise the investment shares or units according to the methods and dates specified in the **Articles of Association** of the **Fund**.

Section 6 – Details of the Auditor

Fund External Auditor

- ▶ **Qais Mohamed Al Nisf – BDO Al Nisf & Partners** shall handle the **External Auditor** tasks and its registered office is in Kuwait.

External Auditor Address

- ▶ P.O. Box: 25578 Safat 13116, Kuwait
- ▶ Jawhara Tower, floor 6, Khaled Bin Al Walid Street, Sharq, Kuwait.

Control/Supervision of the Auditor

- ▶ The **External Auditor**, Qais Mohamed Al Nisf – BDO Al Nisf & Partners, is subject to the control of the **CMA** in Kuwait, with registration number: EA/2013/0027.

Key Roles and Responsibilities of Auditor Related to the Fund:

1. The **External Auditor** of the **Fund** shall audit the quarterly financial statements and the annual financial statements of the **Fund** according to the audit standards approved by **CMA**.
2. The **External Auditor** of the **Fund** shall be appointed for one fiscal year renewable annually for not more than three consecutive years.
3. The **External Auditor** of the **Fund** shall not be the same auditor as that of the **Fund Manager**.
4. The **Fund Manager** may remove and change the **External Auditor** and appoint its substitute at any time whenever it is in the **Fund's** benefit.

Section 7 – Initial Subscription

Sales Agent

- KAMCO Investment Company K.S.C. (Public) (“**Fund Manager**”, Burgan Bank (“Burgan” or “Sales Agent”) and Gulf Bank (“Gulf Bank” or “Sales Agent”) shall act as the **Sales Agent** and be entitled to appoint other **Sales Agent(s)** and determine their roles and responsibilities. The **Fund Manager** shall have the right to remove the **Sales Agent(s)** and shall notify the **Custodian** and the **Investment Controller** of the same.
- The subscription shall be made through the **Sales Agent** on the principles the **Fund Manager** deems appropriate.

Sales Agent Address

➤ KAMCO Investment Co.

Kuwait, Sharq, Khaled Bin Al Walid Street, Al Shaheed Tower, P.O.Box: 28873 Safat, Postal Code 13149.

➤ Burgan Bank

Kuwait, Sharq, Abdullah Al Ahmed Street, Burgan Tower, P.O. Box: 5389 Safat, Postal Code 12170.

➤ Gulf Bank

Kuwait, Kuwait City, Mubarak Al Kabeer Street, Head Office, P.O. Box: 3200, Postal Code: 13032

Subscription Period

- The period of subscription in the **Fund** shall commence on 15 December 2013 until the end of the **Business Day** of Thursday 13 March 2014.
- The subscription shall be open throughout the period specified in the invitation and it shall close after the expiration of this period. If the period of subscription is about to expire and the minimum units is not covered, the **Fund Manager** may request **CMA** to extend it for a similar period as specified in the invitation. If the period expires and all units are not covered, the **Fund Manager** may reduce the capital to the extent it is covered but not to be less than eighteen million American Dollars post obtaining **CMA** approval. Further, it may retract the establishment of the **Fund**, and in this case, the subscribers shall be refunded their paid amounts along with the generated proceeds, within **five Business Days** from the date of the said resolution.

Section 8 – Allocation

Allocation

1. The **Fund Manager** shall sort out the subscription application forms and conduct the allocation no later than five business days from the date of expiration of the Subscription period.
2. The subscriber shall be refunded the amounts in excess of the value of the units allocated thereto within five (5) days from the date the allocation procedures are completed and no interest shall fall due thereon.
3. The **Fund Manager** shall provide every subscriber a certificate for the number of units allocated according to the amount of subscription (after deduction of subscription fee) in addition to the unit price of the **Fund**. The **Fund Manager** shall provide the permanent certificates within one month from the completion of the allocation procedures.

Section 9 – Subscription

Subscription Application Form

The subscription form that must be submitted by the subscription applicant to the **Sales Agent** or **Fund Manager** as a condition to complete the subscription in the **Fund** units in the stated subscription price, in case the subscription is applied for within the **Fund** incorporation phase i.e. between the approval of **CMA** of the incorporation and the completion of the **Fund** capital, or according to the appraised **Fund** unit price subsequent to the application submission, in case the subscription is applied for after the end of the **Fund** incorporation phase in the form prepared for this purpose by the **Fund Manager**.

Subscription in the Fund

The Subscription in the Fund is made as follows:

1. The subscription in the **Fund** shall not be made by in-kind participation of whatever nature.
2. The **Fund Manager** and **Sales Agent** shall not accept any subscription in the form of Cash, in the **Fund**.
3. The subscription in the **Fund** shall be made after the conditions set by the **Fund Manager** are met and the subscription applicant obtains the consent of the **Fund Manager**. The subscription applicant shall fill the subscription form prepared by the **Fund Manager** that includes the name, address and nationality of subscriber, date of subscription, amount of subscription and/or number of units to be subscribed in and any other forms and documents requested by the **Fund Manager**.
4. The natural and juristic persons inside and outside Kuwait can subscribe in the **Fund's** units after the approval of the **Fund Manager** is obtained thereof.
5. The subscription application form containing all required particulars shall be submitted to the **Fund Manager** or **Sales Agent** attached to the following:
 - a. The amount of subscription plus subscription fee of not more than 2.0% paid by cheque issued by a local or foreign bank to the **Fund** or by bank transfer only. The **Fund Manager** may exempt the subscriber from all or part of the subscription fee.
 - b. *For the individual subscribers*, copy of the civil ID, passport or any other proof of the subscriber's identity according to the decision of the **Fund Manager**
 - c. *For the juristic persons*, copy of the commercial registration or any other official proof approved according to the decision of the **Fund Manager**.
6. The subscriber shall be handed a receipt signed by the **Fund Manager** or **Sales Agent** containing the name of the subscriber and particulars determined by the **Fund Manager**.
7. The **Manager** may receive the subscription applications of the **Fund** at any time within the term of **Fund** and it shall be closed one business day prior to the last day of every month for the submitted application by the subscription applicants after filling the particulars in the approved form for this purpose and submission of application forms to the concerned **Sales Agent**.
8. If the documents and conditions of the subscription application forms are not fulfilled, the subscription applicant shall be refunded the amount of subscription paid by him within five days of closing of the subscription.
9. Any natural or juristic person that intends to subscribe may not subscribe for less than 5,000 (five thousand units) and multiples of one hundred units of the **Fund** and not more than 75% of the **Fund's Capital**.
10. After the **Fund Manager** approves the subscription application, the units shall be allocated to the subscription applicants within five days from the expiration date of the subscription period and the collection of subscription amount.
11. The subscription is open at any time within the **Fund** term and will close one Business Day before the last day of every month.
12. The **Custodian / Investment Controller** or **External Auditor** may not subscribe in any number of units for themselves.

*The subscriber shall notify the **Manager** or **Sales Agent** in writing of any amendments or changes made to the particulars contained in the subscription application form no later than one month from its occurrence.*

Section 10 - Redemption

Redemption Application Form

- ▶ **A redemption form to be completed and submitted by the redemption applicant to the Fund Manager or Sales Agent as a precondition to complete redemption, as per the form designated for this purpose by the Fund Manager.**

Redemption of Fund Units

- ▶ **The Unit Holders have the right to redeem their units by submission of an application to the Fund Manager according to the appraisal periods as follows:**

1. The redemption application shall begin twelve months from the date of subscription into the **Fund**.
2. *After the expiration of the twelve month period mentioned in Clause (1) above, the redemption shall be opened through the submission of application at any time during the **Fund** term and shall end one business day prior to the last day of the semiannual period ending on 30 June and 31 December of each Calendar year.*
3. The redemption shall be made according to the appraisal price on the last day of the semiannual period ending on 30 June and 31 December of each Calendar year.
4. Subject to the provision of **Article (19) Minimum Subscription and Clause (8) of Article (25) Subscription in the Fund**, the subscriber may redeem all or some of the **Fund Units** he holds in the Fund (hereinafter called the **Redemption**) in the appraisal price determined by the **Investment Controller** under the provision of the **Articles of Association** of the **Fund**.
5. The redemption application must be submitted by the **Unit Holder** to the **Fund Manager** at least one business day prior to the end of every appraisal period to process the redemption request upon the appraisal date in the forms prepared for this purpose by the **Fund Manager**.
6. If the total percentage of all redemption applications of **Unit Holders** to be approved on the redemption date is 10% or more of the investment **fund's** net asset value, the **Fund Manager** may postpone any redemption application until the following appraisal

period on the condition that the Fund manager is committed to meet the redemption application forms of less than 10% of the **Fund's** net asset value. All redemption application forms shall be taken into consideration on a pro-rata basis. The redemption application forms of more than 10% of the **fund's** net asset value shall be postponed until the next redemption date.

7. If the trading of asset(s) of the **Fund** representing a considerable value is suspended, the **Fund Manager** may defer the processing of any redemption application until the next appraisal period.
8. The issuance or redemption of units must be reflected in the entries and accounts of the **Fund** upon conducting the first calculation of **NAV** of the **Fund** after such issuance or redemption.
9. If money available in the investment **Fund** account is insufficient to cover the redemption applications, the **Fund Manager** may use its own resources or resources of any of its affiliates to meet such redemption applications. In this case, such money may be paid to the **Fund Manager** or its affiliate from the investment Fund account allocated for redemption, in addition to the commission calculated based on the prevailing and declared market rates.
10. **Fund Manager** shall pay the redemption value to the **Unit Holders** within **four Business days** following the appraisal day on the last day of June and December.

Section 11 - Unit Holders Register

Unit Holders Register

1. The **Fund Manager** shall prepare and maintain **Unit Holders Register** and may assign a third party or parties under written contract, to prepare and maintain such register, provided that the **Fund Manager** shall not be exempted from liability for the same.
2. The **Fund Manager** shall maintain the following information in the **Unit Holders** Register regarding each **Unit Holder**:
 - a. Name, address and ID number or commercial registration number and nationality of **Unit Holder**.
 - b. Number of units held.
 - c. Date of entry in the Register.
3. The register of **Unit Holders** shall be considered peremptory evidence of the ownership of the recorded units.
4. The **Fund Manager** shall retain a statement of the balance of remaining units and the issued, redeemed, used or cancelled and the **Investment Controller** shall be provided with a copy of this statement.

Section 12 - Dividends Distribution

Dividends Distribution

1. The **Fund Manager** may by the end of each quarter as it sees fit and for the best interests of the **Fund** and **Unit Holders**, determine the portion to be distributed as returns of investment units to the **Unit Holders**. The **Fund Manager** should announce such distribution, its date, and value in the stock exchange. Return distributions shall be as bonus units and/or cash amounts.

Section 13 - Charges, Expenses and Fees

Fund Expenses

- Direct expenses including fees of the Fund Manager, Custodian and Investment Controller, and indirect expenses which include fees of Auditors, Real Estate Assets Appraisers and legal consultant shall be calculated as part of the Fund expenses.
- No amounts may be paid out of the **Fund's** assets for expenses related to promoting or selling the units, including but not limited to expenses of preparing the **Articles of Association** and the **Prospectus** of the **Fund** and photocopying and distributing the same. The **Fund Manager** shall incur such expenses.

Fund Manager Fees

1. The **Fund Manager** shall receive an annual management fee of 10% of the Fund's net realized income calculated at every appraisal period and paid semiannually against the management and investment of the **Fund**.
2. The **Fund Manager** shall receive an annual incentive fee (if any) paid annually against the management and investment of the Fund's monies, as follows:
 - a. 10% of total Return on Investment of the **Fund** that exceeds 8% per annum;
 - b. 15% of total Return on Investment of the **Fund** that exceeds 10% per annum;
 - c. 20% of total Return on Investment of the **Fund** that exceeds 12% per annum;
 - d. 25% of total Return on Investment of the **Fund** that exceeds 20% per annum.

"Return on Investment" The unit net value at the end of the period minus the unit net value at the beginning of the period plus any dividends distributed by the Fund during the period divided by the unit net value of at the beginning of the period.

**Total Return on
= Investment**

Unit net value at the end of
the period - Unit net value at
the beginning of the period +
Any dividends distributed by
the Fund during the period

Unit net value at the beginning
of the period

3. During the NAV calculation, incentive fee of relevant period (if any) shall also be calculated and it shall be re-calculated at the end of the year.
4. In case any redemption is made during the year, the incentive fees (if any) calculated for the total redeemed units shall be paid directly to the **Fund Manager**.

*The total annual fees received by the **Fund Manager** from the **Fund** shall not exceed 5% of the **Fund's** net asset value at the end of the fiscal year.*

Custodian Fees

- **Kuwait Clearing Company** shall receive annual fees for its role as **Custodian** of 0.05% of the **Fund's** net asset value against the duties outlined in the **Articles of Association** of the **Fund**. Such fees shall be calculated within the expenses of the **Fund** and deducted at every appraisal period.

Investment Controller Fee

- **Kuwait Clearing Company** shall receive annual fees for its role as **Investment Controller** of 0.05% of the **Fund's** net asset value against the duties outlined in the **Articles of Association of the Fund**. Such fees shall be calculated within the expenses of the **Fund** and deducted at every appraisal period.

Constituent Board of Directors Remuneration

- **The Constituent Board of Directors of the Fund** shall receive in return for their services mentioned in the **Articles of Association** of the **Fund**, a total remuneration of KD 2,000 (Only Two Thousand Kuwaiti Dinars), at KD 400 per board member.

Board of Directors Remuneration

- **The Board of Directors** appointed by the **Unit Holders Assembly** shall receive in return for their services mentioned in the **Articles of Association** of the **Fund**, the remuneration determined by the **Unit Holders Assembly**.

Section 14 - Appraisal and Pricing

Fund Unit Price

- ▶ The price determined based on valuation of NAV of the **Fund** as per market value, divided by the number of **Fund** units, after deducting all expenses payable by unit for each appraisal period, in accordance with the accounting standards adopted by **CMA**.

Appraisal and Pricing Process

1. The process of appraising **Fund** assets from time to time, to identify the appraisal price at the time of redemption, subscription or any other purpose. Appraisal process is made through calculating NAV of **Fund** plus accumulated cash, profits and returns during the appraisal period, less direct expenses, accumulated fees and liabilities for the period preceding the appraisal period and during which the same became payable, divided by the number of units subscribed to, provided that the appraisal price is rounded to the nearest American Cent in accordance with the accounting standards adopted by **CMA**.
 2. **Investment Controller** shall calculate the **NAV** of **Fund** and appraise **Fund** Units by the end of each appraisal period. **Fund Manager** shall determine trading days for Fund units, appraisal time and deadline for submission of subscription and redemption application forms, subject to approval of **Fund's** Board of Directors. Appraised price shall be published on the website of Kuwait Stock Exchange within first seven working days from each appraisal date as per the latest market appraisal on such date.
- ▶ **Net asset value of Fund (NAV)** of **Fund** is the value of investments at the end of fiscal period evaluated as per the provisions of the **Articles of Association** of the **Fund**, in addition to items of other assets, including cash and other receivables, less the **Fund's** liabilities to third parties on such date.

Real Estate Asset Appraisal Process

1. The real estate assets shall be appraised prior to any transaction (purchase or sale) in Kuwait taking into consideration the international accounting standards based on independent appraisal conducted by at least two appraisers registered with the **CMA** or the appraisers who enjoy expertise, integrity and knowledge of the real estate activity and the location of, subject investment, in case any real estate asset is purchased or sold outside Kuwait.

2. The real estate appraiser must be independent from the **Fund Manager** and parties related to the real estate fund.
3. The real estate assets of the Fund shall be appraised by at least two appraisers semi-annually, provided that least valuation price shall be adopted.
4. An appraisal shall be conducted directly prior to the purchase or sale of real estate assets.
5. The real estate assets of the **Fund** shall be appraised at least once every six months at the end of the last day of semi-annual period (30 June and 31 December).
6. The real estate appraiser's Report shall at a minimum include the following information:
 - a. Details and descriptions of real estate property.
 - b. Valuation method and assumptions.
 - c. Analysis of variables related to the real estate market such as supply, demand and market trend.
 - d. Due diligence.
 - e. Minimum and maximum limit price for the real estate property.
 - f. Any other information requested by **CMA**.
7. The **Fund Manager** may not rely on a Valuation report prepared more than three months prior to the purchase or sale of any asset of the **Fund**.

Security Valuation Process

- ▶ The listed securities shall be valued according to the accounting standards approved by **CMA**.
- ▶ The unlisted securities shall be valued based on fair value reached through proper valuation methods, provided that it shall be evaluated at least once a year.

Section 15- Methods and Dates of Information Disclosure

Financial Statements

1. The **Fund Manager** shall prepare financial statements of the Fund at least on a quarterly basis as per the accounting standards approved by **CMA** and shall publish these financials through the Stock Exchange within fifteen days from the end of the relevant period and shall send a copy thereof to **CMA**.
2. The **Fund Manager** shall submit to the **CMA** the annual audited financial statements of the investment fund within thirty Business Days from the lapse of the fiscal year of the **Fund**.

Periodical Reports to the Unit Holders

▶ The **Fund Manager** shall provide reports to the **Unit Holders** at least every six months that includes the following information:

1. Net asset value of the Fund units.
2. Number of the **Fund** units owned by the **Unit Holder**, and its value.
3. Separate record of account movement for each **Unit Holder** including any dividends that were paid after the last report submitted to the **Unit Holders**.

Periodical Information to the Public

▶ The **Fund Manager** shall publish monthly information of the Fund through the stock exchange to the public within seven Business Days from the end of each month by the form determined by **CMA**.

Information and Statements to CMA

▶ In compliance with the provisions of the Law No. (7)/2010 and its executive regulation, the **Fund Manager** and **Investment Controller** shall provide all information, documents and statements as requested by **CMA** from time to time within the period it determined to examine and audit the accounts and records of the **Fund** and obtain the necessary documents and information to conduct the audit and inspection by **CMA** and the Regulator.

Section 16 - Board of Directors of the Fund

Constituent Board of Directors

- The **Fund Manager** shall appoint the **Constituent Board of Directors** and the session of such Board may not exceed the first fiscal year after the approval of **CMA** is obtained.

Constituent Board of Directors' Formation

- The **Board** shall consist of five members and one third of the directors shall be independent. In all cases, the number of independent members selected by **Fund Manager** shall not be less than two members. The **Fund Manager** shall obtain the prior approval of **CMA** for any change made to the **Constituent Board of Directors**. **CMA** has approved the following candidates to act as board of directors of the **KAMCO Real Estate Yield Fund**:

Name	Title and Membership Type
Mr. Mounir S. Ezzeddine	Board member
Mr. Abdullah Farqad Al-Sane	Board Member
Mr. Jarrah Waleed Al Naser	Board Member
Mr. Tameem Abdulaziz AlMansour	Independent Board Member
Mr. Abdullah Hamed Mundani	Independent Board Member

Constituent Board of Directors' Meetings

- **Constituent Board of Directors** of the Fund shall meet at least four times within one fiscal year upon sending written invitation to all the board members one week before the meeting date. The period between any two consecutive meetings may not exceed three months. The meeting shall be held upon an invitation from two board members or the **Fund Manager**, in exceptional cases that require prompt decision making in relation to the Fund or its investments. The Board of Directors meeting shall only be valid if attended by at least three members.
- If a Board member fails to attend 3 consecutive meetings without acceptable excuse, he may be considered resigned upon a decision from the **Board of Directors** which will be submitted to the **Fund Manager** who shall in turn notify the **CMA** of such resignation and obtain **CMA's** approval to appoint a

replacement for the resigned member through **the Unit Holders Assembly**.

Fund's Constituent Board of Directors' Responsibilities

- **The Constituent Board of Directors of the Fund responsibilities are:**

1. Exert the necessary care and work honestly for the best interest of the **Fund** and **Unit Holders**.
2. Approve all substantial contracts, decisions and reports which the **Fund** is a party thereto.
3. Examine and approve any transactions involving any **Conflict of Interests**.
4. Ensure **Fund Manager's** compliance with the Law No. (7) of 2010 and its executive regulations thereof, as well as the decisions and instructions issued by the **CMA**, **the Articles of Association** of the Fund, **this Prospectus** and any other documents issued by the **Fund Manager**.
5. Verify that the **Fund Manager** performs its duties for the best interest of the **Unit Holders** as per the **Articles of Association** of the Fund and provisions of Law No. (7) of 2010 and its executive regulations thereof as amended as well as any other instructions or directives issued by **CMA**.

Board of Directors of the Fund

Definition of Board of Directors

- Post the expiration of the Constituent Board of Directors term, the **Fund** shall have board of directors appointed by the **Unit Holders Assembly** in the **Fund** after the **CMA** approves them.

Fund's Board of Directors' Formation

- The Board shall consist of five members and one-third of the directors of Board shall be independent. In all cases, the number of independent members from the **Fund Manager** shall not be less than two members. The session of the **Fund's** Board of Directors shall not exceed three fiscal years. The **Fund Manager** shall obtain the prior approval of **CMA** for any changes made to the Fund's Board of Directors.

Fund Board of Directors' Meetings

- ▶ The meeting of the **Fund's** Board of Directors shall be held at least four times within one fiscal year after the meeting convocation is sent in writing to all the directors of Board one week before the meeting is held. The period between any two consecutive meetings shall not be more than three months. The meeting shall be held upon an invitation from two board members or the **Fund Manager** in exceptional cases that require prompt decision making in relation to the Fund or its investments. The Board of Directors meeting shall only be valid if attended by at least three members.
- ▶ If a Board member fails to attend 3 consecutive meetings without acceptable excuse, he may be considered resigned upon a decision from the **Board of Directors** which will be submitted to the **Fund Manager** who shall in turn notify the **CMA** of such resignation and obtain **CMA's** approval to appoint a replacement for the resigned member through the **Unit Holders Assembly**.

Board of Directors' Responsibilities

The responsibilities of the Fund's Board of Directors' members are:

1. Exert due diligence and work honestly to the best interest of the **Fund** and **Unit Holders**.
2. Approve all substantial contracts, decisions and reports which the **Fund** is a party thereto.
3. Examine and approve any transactions involving any **Conflict of Interests**.
4. Ensure **Fund Manager's** compliance with the Law No. (7) of 2010 and its executive regulations thereof, as well as the decisions and instructions issued by the **CMA, the Articles of Association** of the **Fund, this Prospectus** and any other documents issued by the **Fund Manager**.
5. Verify that the **Fund Manager** performs its duties for the best interest of the **Unit Holders** as per the **Articles of Association of the Fund** and provisions of Law No. (7) of 2010 and its executive regulations thereof as amended as well as any other instructions or directives issued by **CMA**.

Section 17 - Unit Holders Assembly Provisions

Unit Holders Assembly

➤ **An Assembly formed of the holders of the Fund's units. The tasks of this Assembly are:**

1. Appoint and determine the remuneration of the Directors of the **Fund** after the expiration of term of the **Constituent Board of Directors** term, subject to obtaining **CMA** approval according to the Law No. 7 of 2010 and its executive regulations and any amendments made thereto.
2. Approve the termination and liquidation of the **Fund** before the expiration of its specified **Term** in the **Articles of Association** of the **Fund**.
3. Discuss the appointment of a substitute manager or liquidator for the **Fund** in case such request is made by holders of at least 10% of the total number of the **Fund** units.
4. The **Unit Holders Assembly** held to discuss the appointment of a substitute manager or to liquidate the **Fund** may decide this upon the voting of **Unit Holders** representing 50% of the **Fund's** capital, according to the Law No. (7) of 2010 and its executive regulations in respect of the establishment of **Capital Markets Authority** and regulation of securities activity.
5. Any other cases as determined by the **CMA**.

Unit Holders Assembly Provisions

1. **The Unit Holders Assembly** is the higher authority of the **Fund** and consists of all **Unit Holders**.
2. Each investor or anyone acting on his behalf in writing may attend the **Unit Holders Assembly** and shall have one vote for each investment unit held.
3. The **Unit Holders Assembly** shall be convened as defined in the **Articles of Association** of the **Fund**, if required in the interest of the **Fund**, if **CMA** finds that any proposed amendment in the **Articles** affects the acquired rights of the **Unit Holders** (*according to Chapter 8 of the executive regulation*) or when this is requested by one or more investors holding 10% or more of the **Fund's** capital. In all cases, the **Unit Holders Assembly** shall be called and convened to consider the dissolution and liquidation of the **Fund**.

4. If the **Fund Manager** fails to invite the **Unit Holders Assembly** to convene, the **Board of Directors** of the **Fund** shall do so. The invitation shall not be valid unless it contains a meeting agenda, and has been published post **CMA's approval** in two daily newspapers issued in Arabic. The announcement shall be published twice and the second of which shall be at least one week after the date of the first announcement and at least one week prior to the meeting date.
5. The **Fund Manager** shall set the agenda of the **Unit Holders Assembly** meeting and shall be set by the **Board of Directors** of the **Fund** if the **invitation is made** thereby. The agenda shall contain any proposition made by one investor or more holding at least 5% of the capital at least two weeks before the date of sending the invitation to the **Unit Holders** to attend the meeting. The **Unit Holders Assembly** may not transact on matters other than the items listed on the agenda.
6. The **Unit Holders Assembly** shall be validly held if the subscribers holding at least 50% of the investment units attend in person or by proxy.
7. The **Unit Holders Assembly** meeting shall be chaired by the **Fund Manager**, Chairman of the Board of Directors or his representative of the board members in case the invitation is made by the board of directors and the Chairman fails to attend. The **Unit Holders Assembly** shall appoint a secretary whose role is to draft the meeting minutes incorporating therein any deliberations, proposed decisions and results of voting. Any **Unit Holder** shall be entitled to access such minutes.
8. **The CMA** may delegate an observer to attend the **Unit Holders Assembly** meeting, supervise the related procedures and verify that the taken decisions are in conformity with the laws, regulations and any instructions issued by **CMA**, subject to agenda of the **Unit Holders Assembly** meeting being approved by **CMA** before it is held. A copy of the minutes of the **Unit Holders Assembly** meeting shall be lodged at **CMA** that is signed by the secretary and approved by the chairman of the meeting and the auditor, within fifteen days from the date the **Unit Holders Assembly** meeting is held.

Section 18 - Conflict of Interests

Conflict of Interests

1. The employees and officers of the **Fund Manager** may not occupy the board membership or hold any position in another company or agency whose securities constitute part of this **Fund's assets** or any other investment fund managed by the **Fund Manager**.
2. The **Independent Board members** of the **Fund** may not occupy the board directorship or hold any position in another company or entity whose securities constitute part of assets of this **Fund**.
3. If the **Fund Manager** hires any board member or manager of any company or entity as set out in the previous paragraph or appointed as independent member in the **Fund's** Board of Directors, this person shall resign from that company/entity.
4. If the **Fund Manager** assumes management of more than one investment fund, the management and activities of each Fund shall be separately handled.

Section 19 - Cancellation of Investment Fund

Cancellation of License

➤ **CMA may cancel the license of any investment fund in any of the following cases:**

1. If any of the conditions of granting license is evidently not fulfilled.
2. If it would protect interests of the **Unit Holders** in the **Fund**.
3. If the **Fund Manager** or **Investment Controller** breaches any of the laws, regulations or guidelines or provides **CMA** with false, inaccurate or misleading information.
4. If the **Fund Manager** requests the cancellation of the license. The **CMA** may reject such request if in its discretion, it is necessary to investigate any matter related to the **Fund** or for the interest of the **Unit Holders**.

Section 20 - Dissolution and Liquidation of Fund

➤ **The investment fund may be terminated for any of the following reasons:**

1. At the end of the specified **Fund's** term.
2. If the **Articles of Association** of the **Fund** state the termination of the Fund upon the occurrence of a particular event, conditional on the occurrence of such event, the **Fund Manager** shall notify **CMA** and the **Unit Holders** at the earliest of the event occurrence and the termination of the investment fund.
3. The dissolution of the purpose for which the **Fund** has been established.
4. The dissolution or bankruptcy of the **Fund Manager** company unless superseded by another manager.
5. Issuance of a court judgment dissolving the **Fund**.
6. The reduction of units' value below 50% of its nominal value on the approval of 75% of the **Unit Holders** and **CMA**, with the approval of the **Fund Manager** being optional.
7. If **CMA** issues a decision on the cancellation of the **Fund's** license according to the circumstances determined by **CMA** for cancellation of investment fund's license.
8. An application submitted by the **Unit Holders** of not less than 10% of number of the **Fund** units to hold **Unit Holders Assembly** to discuss the appointment of a liquidator for the **Fund**. After the vote by the **Unit Holders** representing 50% of the **Fund's** capital, the **Fund's** Board of Directors shall submit application to appoint liquidator for the **Fund** to **CMA** containing material information and reasons for the decision.
9. The **Fund Manager** is desirous to terminate the **Fund** before the expiration of its term specified in its **Articles of Association**. The **Fund Manager** shall in this case obtain the approval of the **Unit Holders** and then the approval of **CMA**.

Liquidation Procedures

1. **Fund Manager** shall request to hold **Unit Holders**

Assembly to liquidate the **Fund**. The **Unit Holders Assembly will** issues its decision on the dissolution and liquidation of the **Fund** including the appointment and fees of liquidator and the liquidation procedures. The powers of the **fund manager** and service providers shall end upon the appointment of liquidator.

2. The **Fund Manager** shall announce the termination of the **Fund** post obtaining the approval of the **Unit Holders Assembly** and the appointment of a liquidator through the registration with the **CMA** and the publication in the official gazette and announcement on the stock exchange. The **Fund Manager** shall not object to any actions by third parties upon the termination of the **Fund**. The liquidation process shall be initiated from the date of announcement, registration and publication.
3. *During liquidation period*, the **Fund** shall reserve its juristic personality to the extent required by liquidation process.
4. In the cases where the liquidation is conducted based on a judgment or decision of the Regulator, the judgment or decision issued on the liquidation shall comprise the appointment and determination of fees of the liquidator. The liquidation expenses shall be paid from the **Fund's** assets.
5. The Companies Law provisions in respect of the liquidation of joint stock companies shall apply to the liquidation of the **Fund** to the extent it is consistent with the Decree Law (7) of 2010 and its executive regulations and laws, decisions and instructions issued by **CMA** or the **Articles of Association** of the **Fund**.
6. **CMA** shall issue decision on the termination of the **Fund's** operations when the liquidator completes all liquidation procedures and this shall be published in the official gazette. The **Fund** shall be struck off from the investment fund register at **CMA**.
7. The books, records and documents of the **Fund** shall be kept at the liquidator for ten years from the date the liquidation process is completed.
8. The liquidator is not liable for any loss or impairment of assets of the investment fund whether towards the **Fund Manager** or the **Unit Holders**, unless the loss or impairment is caused by negligence or default of the liquidator.

Section 21 - Real Estate Sector in Key Targeted Markets

Overview of GCC Real Estate Market

- Real estate market in GCC suffered more from the 2008 economic downturn than other sectors and remains widely subdued in markets such as Dubai where prices have declined by an average of 50% from its peak levels. However, not all markets suffered a similar plight and attractive markets such as Kuwait and Saudi Arabia bounced back and regained the decline in activity and price levels that was caused by the crisis. Residential properties in Qatar remained stable in general and posted moderate increases in rentals and prices in expat residing localities. While rentals and prices of both residential and office properties in Abu Dhabi continued its decline although moderate compared to the previous year. Generally in the GCC, office markets are showing no signs of recovery in rentals and prices mainly due to an oversupply. In terms of outlook, among the real estate markets in the GCC region, Kuwait and Saudi Arabia offers attractive investment opportunities in the near term and markets such as Abu Dhabi and Qatar are favorable in the medium term.

Kuwait Real Estate Market

- The real estate market in Kuwait is in a path of sustained and stable growth path both in terms of transaction activity and property values following the downturn caused by the global financial and economic crisis during 2008. The causal factor behind the sustenance in activity levels is the recovery in overall economic activity during 2010. International Monetary Fund (IMF) estimates the economic activity to grow at 5% on an average for the coming 5 years citing growth in government spending and an increase in private sector activity as part of the implementation of the Development Plan. For 2013, the Economist Intelligence Unit (EIU) projects 5.0% growth in real GDP and a 4.6% growth for 2014. This would positively contribute to the sector if it materialized as expected and lead to further improvement in transaction activity.

Saudi Arabia Real Estate Market

- The Kingdom of Saudi Arabia features a robust economy with imposing demographics with largely undersupplied real estate market providing attractive investment opportunities for development. The Economist Intelligence Unit "EIU" expects that Saudi Arabia's real GDP grow by 3.9% in 2013, mainly

due to the increase in oil production to compensate the shortfall in Libyan oil supply, supported by the Saudi Arabia's aggressive stimulus package of approximately US\$130bn and its expansionary fiscal policy maintained by high oil revenues. The government targets an average annual GDP growth of 5.2% during for the period covering the 9th Development Plan from 2010-14. The Saudi nationals population, estimated to be at 18.7 Mn as per 2010 census, is expected to grow at a sustained 2.2% per year for the next three years and expatriate population stands at 8.4mn as per 2010 census growing at a CAGR of 5.4% during 2004-2010. The size of expatriate population is expected to grow by 1.8% backed by expanding economy positively contributing to demand, although the growth rate is likely to be marginally lower than the levels during 2004-10.

Bahrain Real Estate Market

- The real estate market in Bahrain got affected by both the downturn driven by the 2008 recession and the political scenario caused by public protests early 2011. The expectations for growth in real GDP got a downward projection for 2011 from 4% (IMF-Oct-2010) to 3% (IMF-Oct-2011) mainly due to the disruptions caused by the uprisings. However, the longer term real GDP growth is projected above 5% which indicates potential recovery. Population is expected to grow at an average rate of 2% per annum during 2011-16 and some forecasts indicate a higher longer term growth at a CAGR of 3.5% during 2010-2030. Expatriates population account for 45-50% of the total population in the past and the proportion would likely be maintained in the future as well.

Oman Real Estate Market

- Oman's economy, which is traditionally oil based and now slowly diversifying, is in its recovery path after facing a downturn due to the 2008 global crisis and expected to experience a stable trend, growing at c.4% per annum on an average during 2011-16 barring re-escalation of unrest or another global economic downturn. The population is expected to grow at an average growth of c.3% during this period as well and thus provides a stable condition for the real estate market. A meeting of the Council of Ministers allowed formation of Islamic banks and to allow existing banks to offer Islamic financing during May-2011. This is expected to positively impact the real estate sector improving the investment climate. Transaction activity is reported to have recovered from the downtrend during 2008 and experiencing stable growth trends.

United Arab Emirates Real Estate Market

- ▀ The United Arab Emirates (“UAE”) has been the most successful of the Gulf Countries when it comes to diversify its economy away from oil, which accounts for just below than 25% of GDP. However, with diversification has come greater exposure to the global economy, meaning the UAE was hit harder by the global financial crisis and subsequent property market crash, and has yet fully recover. The macroeconomic outlook for the UAE heading into 2013 remains promising. The real GDP estimated to expand by 3.7% and 3.8% in 2013 and 2014 respectively. In 2013, Dubai’s economy expected to outperform that of Abu Dhabi. Dubai’s real estate market has been showing strong sign and expected to experience stable growth trends.

Qatar Real Estate Market

- ▀ Qatar’s benefited from massive hydrocarbon wealth that is spread generously across the country’s native population and enjoys the highest per capita GDP in the world. Qatar’s economic growth is expected to be driven by the non-hydrocarbon sector in 2013 and the overall real GDP growth expected to reach 5.0% in 2013. The non-hydrocarbon economy was led by the manufacturing sector which grew by 13.6% y-o-y in Q3 2013. Construction and transport sectors benefited from the substantial linkage and are the main beneficiaries of government spending. Rental prices have seen a gradual recovery throughout H2 2012, Central Bank’s real estate price index showing a 7.3% y-o-y increase in September 2013. Qatar’s real estate sector increased by 12.3% in 2012 and the real estate prices are likely to continue suffering over short-term from excess capacity, with more residential property scheduled to be released to the market throughout the year.

Section 22 - Additional Information

Applicable Law and Jurisdiction

- ▶ The **Articles of Association** of the **Fund** shall be governed by and interpreted according to the Kuwaiti law. The Kuwaiti Courts only shall be competent to settle all disputes related to or arise from the **Articles of Association**. The Decree Law 7 of 2010, the executive regulation, any amendments made thereto and the regulating decisions and conditions issued by the controlling authorities shall apply where no special provision is made herein.

Death

- ▶ In case of **Unit Holder** is deceased the title of such units shall pass to the inheritances of the deceased **Unit Holder**, upon submission of the required official documents proving their entitlement to his estate.

Complaints Unit

A complaints unit at the **Fund Manager** is established according to the Law 7 of 2010, the executive regulation and instructions of **CMA** regarding the customer complaints unit no. (2012/4 /م.أ.ق.د.ب.أ.س.). The subscribers have the right to lodge complaint to the **Complaints Unit** at the **Fund Manager** in the following prepared means:

1) Receipt of complaints from subscribers

- ▶ **The complaints are received from the investors in the following means:**

- a) In person, through the submission of the **Uniform Complaint Form** by the subscriber in the **Fund** to the **Complaints Unit** at the **Fund Manager**.
- b) Registered mail sent to the **Complaints Unit** at the **Fund Manager**.
- c) The email of the complaints unit published on the website of the **Fund Manager**.
- d) The complaint box available at the premises of the **Fund Manager**.

2) Filling Uniform Complaint Form

- ▶ The **Uniform Complaint Form** is available in hard copy at the premises of the **Fund Manager** or it can be downloaded from the website of the Fund Manager.

3) Receipt of Complaints Personally/ Through Complaint Box

- ▶ The **Uniform Complaint Form** is lodged at the premises of the **Fund Manager** in the ground floor at the front office – **Complaints Unit**. If the complainers wish to lodge the complaint in person, they shall fill the **Uniform Complaint Form** and submit to the front office or throw it in the complaint box at the front office. The complaint box is emptied every day to address the complaints afterwards individually.

4) Receipt of Complaints Through The Website of The Fund Manager

- ▶ The website of the **Fund Manager** directs the complainers to the complaints section where they are requested to fill the **Uniform Complaint Form**. The complaints received through the website are sent to the **Complaints Unit** via email and the complaints are addressed individually.

5) Receipt of Complaints Through Registered Mail

- ▶ The complaints are sent by registered mail to the **Complaints Unit**. The complaints shall be then addressed individually.

6) Receipt of Complaints Via Email

- ▶ All complaints received via email are sent to the **Complaints Unit**. If the complaints are not filled in the **Uniform Complaint Form**, the **Complaints Unit** calls the complainers and requests them to fill the complaints in the **Uniform Complaint Form**.

Fund Manager

KAMCO Investment Company K.S.C. (Public)

(“KAMCO”)

P.O. Box 28873

Al Safat, 13149

State of Kuwait

Custodian

Kuwait Clearing Company KSC Closed

P.O. Box 22077

Al Safat, 13081

State of Kuwait

Investment Controller

Kuwait Clearing Company KSC Closed

P.O. Box 22077

Al Safat, 13081

State of Kuwait

Sales Agents

KAMCO Investment Company K.S.C. (Public)

(“KAMCO”)

P.O. Box 28873

Al Safat, 13149

State of Kuwait

Burgan Bank K.S.C

“Burgan”

P.O.Box 5389,

Al Safat, 12170.

Gulf Bank K.S.C

“Gulf Bank”

P.O. Box 3200

Safat, 13032

شركة كامكو للاستثمار ش.م.ك (عامّة)
KAMCO Investment Company K.S.C. (Public)

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