



## Monthly Report July 2012



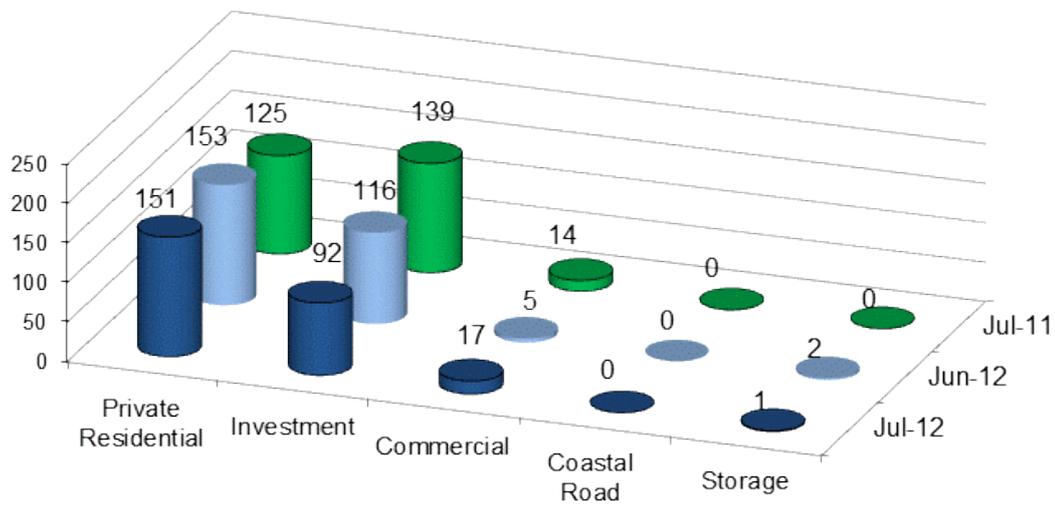
### Executive Summary:

Net Asset Value in July 2012 before profit distribution stood at KD1.344, posting a yield of 98.36% since inception, which includes 344 fils per unit in capital gain and 639 fils per unit in cash dividend distribution with a compound average growth rate (CAGR) of 9.34% since inception. In comparison, the year-to-date return on investment as of July 2012 amounts to 3.45%.

### Real Estate Market Activity during July 2012 Total Transaction Values Index

The following chart shows the total transaction values by different real-estate segments according to the Ministry of Justice during July 2012, June 2012 and July 2011.

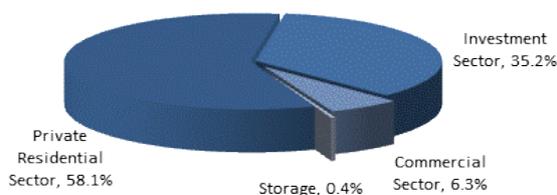
Total Transaction Value by Real Estate Segment During the Period July 2012/ June2012  
July 2011



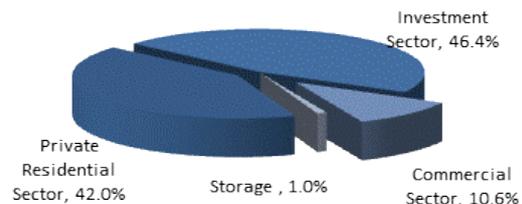
Total value of transactions in the local real estate market decreased during July 2012 to KD 260,771,825 (compared to KD 276,213,107 during June 2012 and KD 277,174,111 during July 2011).

The charts below displays the traded value ratios by major real estate segments during July 2012 and July 2011.

Traded Value Ratios by Major Real Estate Segments  
during July 2012

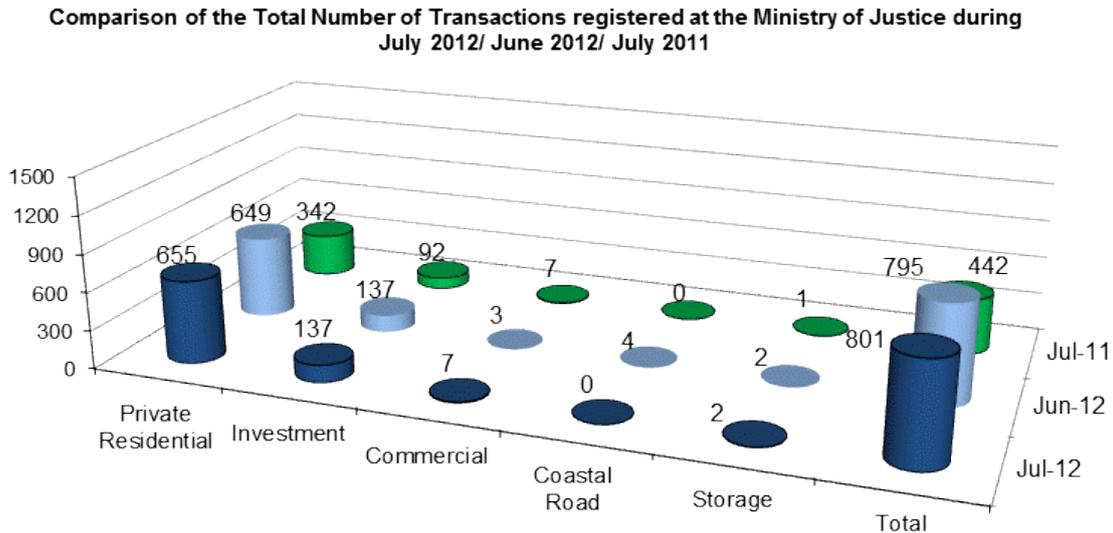


Traded Value Ratios by Major Real Estate Segments  
during July 2011

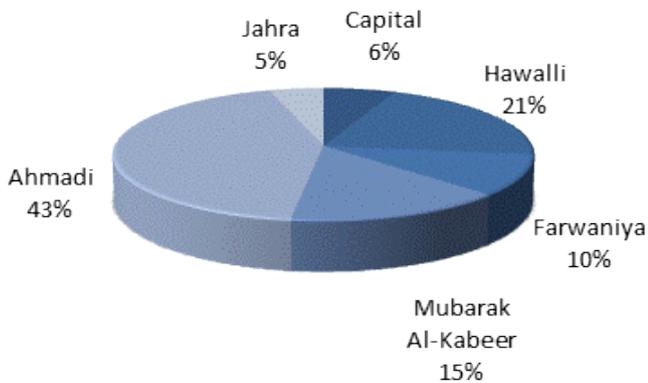


### Number of Transactions Index

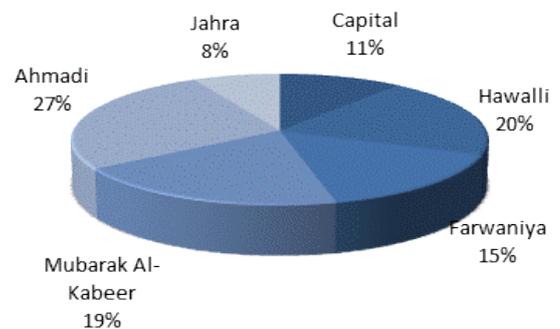
The following chart shows the total number of transactions registered at the Ministry of Justice by different real-estate segments during July 2012, June 2012 and July 2011.



The charts below displays the total transactions ratio by major real estate segments during July 2012 and July 2011.



**Total Transactions Ratio by Governorates in Kuwait July 2012**



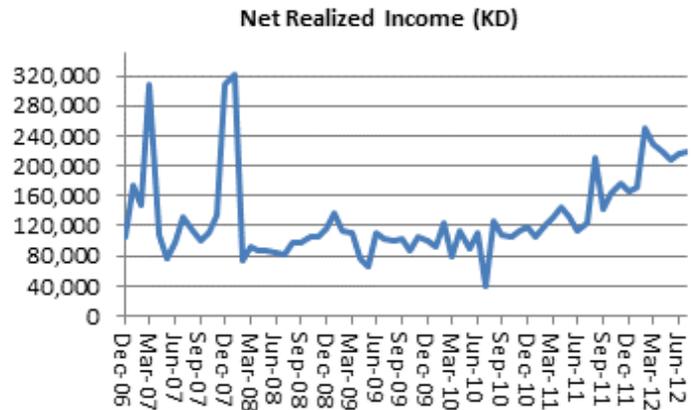
**Total Transactions Ratio by Governorates in Kuwait July 2011**

Sources: Reports released by Department of Real Estate Registration & Authentication for the period July 2012 / July 2011.

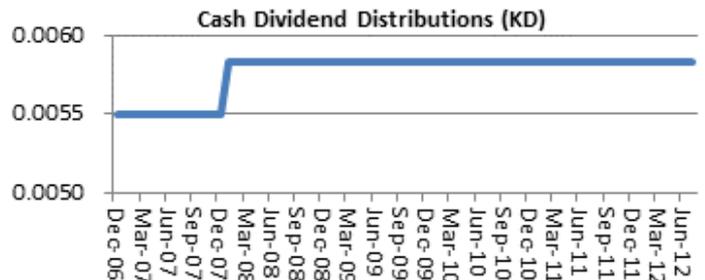
**Markaz Real Estate Fund**

**Summary of Yields**

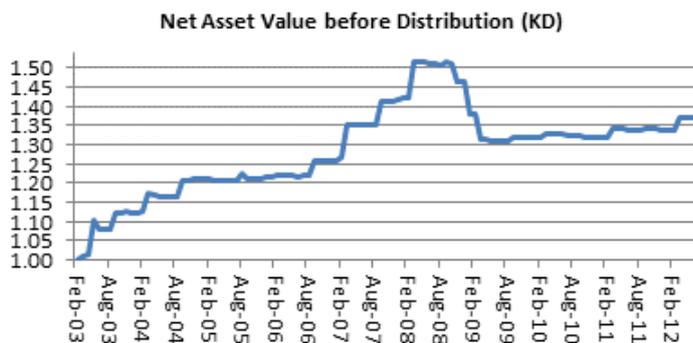
The Fund's realized net profits increased slightly during July 2012 to KD 219,582 (compared to KD 216,293 as of June 2012).



The fund distributed 5.833 fils per unit in cash for July 2012 (i.e. equivalent to 7% p.a. of the nominal par value) in line with the steady monthly distributions.



The total distributions since the Fund's inception in February 2003 till end of July 2012 amount to 639 fils.



In addition to cash returns, the Fund posted 34.4% capital gains since inception and up to the end of July 2012, i.e. 344 fils per unit, since the inception of the Fund in February 2003

### Analysis of Real Estate Properties Performance

Real Estate Portfolio	Total Number of Units	Number of Vacant Units	Occupancy Ratio	Average Rent Per Rented Unit	Income
June 2012	872	102	88.30%	393	302,315
<b>July 2012</b>	<b>872</b>	<b>98</b>	<b>88.76%</b>	<b>392</b>	<b>303,665</b>
Change	0.0%	-3.9%	0.5%	-0.2%	0.45%

### Investment Units:

Investment Real Estate Properties	Total Number of Units	Number of Vacant Units	Occupancy Ratio	Average Rent Per Rented Unit	Income
June 2012	672	69	89.7%	296	178,713
<b>July 2012</b>	<b>672</b>	<b>66</b>	<b>90.2%</b>	<b>297</b>	<b>179,933</b>
Change	0.0%	-4.3%	0.5%	0.31%	0.7%

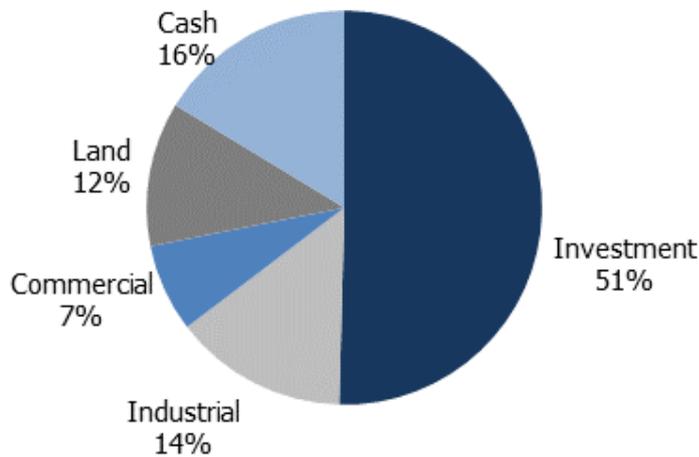
### Commercial Units/ Shops:

Commercial Units/ Shops	Total Number of Units	Number of Vacant Units	Occupancy Ratio	Average Rent Per Rented Unit	Income
June 2012	92	16	82.6%	467	35,480
<b>July 2012</b>	<b>92</b>	<b>15</b>	<b>83.7%</b>	<b>463</b>	<b>35,650</b>
Change	0%	-6.3%	1.3%	-0.86%	0.48%

### Industrial Units:

Industrial Units	Total Number of Units	Number of Vacant Units	Occupancy Ratio	Average Rent Per Rented Unit	Income
June 2012	108	17	84.3%	968	88,122
<b>July 2012</b>	<b>108</b>	<b>17</b>	<b>84.3%</b>	<b>968</b>	<b>88,082</b>
Change	0%	0.0%	0.0%	0.0%	0.0%

### Fund Assets Allocation (as of 31 July 2012)



### Valuation of the Fund's Properties:

The calculation of Markaz Real Estate Fund property values were amended during July 2012 as per CMA instructions (the supervisory authority for all local investments funds) stating "the fund's real estate assets must be valued by at least two evaluators and the lowest value must be taken into account". The policy before CMA instructions requires the fund to evaluate the properties from three evaluators (KIB, KFH, other) and account for the average value.

According to the latest CMA guidelines accounting method, Markaz Real Estate Fund property values declined by KD 1,742,830 as of 31 July 2012 amounting to KD 62,396,104 (KD 58,004,254 as of June 2012 + KD 3,134,680 being the value of properties acquired in July 2012).

## Accounting Report for Markaz Real Estate Fund

Un-audited Financial Statements  
for the period 1<sup>st</sup> to 31<sup>st</sup> July 2012

Summary Profit & Loss Account in KD	For the period 1 July 2012 - 31 July 2012	From beginning of the year
Rental Income	303,665	2,016,084
Other Income		-
Profit from cash account	333	72,732
Profit from financial markets		
Other Profits	-	288
Profit on Properties Sales	-	-
Provision for Doubtful Debts	(4,688)	(16,366)
Operating Expenses	(43,444)	(314,026)
<b>Net Income before Fees</b>	<b>255,867</b>	<b>1,758,711</b>
Fund Manager's Fees (10% of realized profit)	(25,587)	(175,871)
Shari'ah Board Fees		
Incentive Fees (20% of realized profit)		
Custodian Fees	(10,697)	(68,158)
<b>Realized Net Income</b>	<b>219,583</b>	<b>1,514,682</b>
Change in Unrealized Profits	(1,742,830)	578,869
Deferred Management Fees (unrealized)	174,283	(57,886.90)
Allocation for Incentive Fees	342,884	51,910
<b>Net Income</b>	<b>(1,006,081)</b>	<b>2,087,573</b>

Summary Balance Sheet in KD	For the period 1 July 2012 - 31 July 2012
Cash & Cash Equivalent	12,138,990
Investment properties	62,396,104
Trade and other receivable	308,038
<b>Total Assets</b>	<b>74,843,132</b>
Accrued Expenses	1,397,377
Payable	345,729
Subscriptions Paid In Advance	568,153
Rentals Paid in Advance	28,807
Other Expenses	0
<b>Total Liabilities</b>	<b>2,340,067</b>
Capital	53,933,863
Profits Carried Forward	18,569,202
<b>Total Shareholders' Equity</b>	<b>72,503,065</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>74,843,132</b>

Summary of Fund Yields	For the period 1 July 2012 – 31 July 2012
Distribution Per Unit in KD	0.005833
Total Distributions in KD	300,347.7
Net Assets Value Before Distribution in KD	1.34429580