



# WORLD REAL ESTATE LIQUIDITY FUND

*Explanatory Memorandum*

**Strategia Investment Company K.C.S.C.**



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## Definitions

<b>Auditor</b>	KPMG Chartered Accountants, 2 Grange Place, St. Peter Port, Guernsey GY1 4LD, Channel Islands.
<b>Business Day</b>	Any day, other than a Saturday or a Sunday, that banks are open for business in Guernsey.
<b>Dealing Day</b>	The next Business Day following a Valuation Day being the only day on which Units may be created or issued, or realized or redeemed.
<b>Directors</b>	The Directors of the Fund Manager.
<b>Distributions</b>	Monies (if any) distributed to Unitholders on a quarterly basis from the net income generated by the Fund's investments and cash.
<b>Equalisation Account</b>	The account to which accrued net income included in the price of each Unit is credited or debited on issue or redemption of Units.
<b>Extraordinary Resolution</b>	A resolution passed, in accordance with the Trust Instrument, by a majority consisting of 75 per cent or more of the total number of votes cast for and against such resolution at a meeting of Unitholders.
<b>Fund</b>	World Real Estate Liquidity Fund which is a Guernsey Unit Trust authorised as a Class B Collective Investment Scheme.
<b>Fund Administrator</b>	Kleinwort Benson (Guernsey) Fund Services Limited of Westbourne, The Grange, St. Peter Port, Guernsey GY1 3BG, Channel Islands.
<b>Fund Manager</b>	Marquee Fund Managers Limited of Westbourne, The Grange, St. Peter Port, Guernsey GY1 3BG, Channel Islands.
<b>Investment Advisor</b>	Any Investment Advisor that the Fund Manager may appoint from time to time for any Property Investment the Fund is invested in.
<b>Index</b>	A customized benchmark comprising NAREIT Equity REIT Index, IPD U.K. All Property Index, and Global Property Research's Europe, Asia, and Oceania Indices, weighted according to the Fund's components.
<b>Investor Board</b>	An informal board comprising a single representative from each of the Fund's three largest Unitholders which acts as an informal advisor to the Fund Manager. Investor Board members shall receive no compensation for their services except any out-of-pocket expenses incurred while performing their duties.
<b>Issue Price</b>	The price to be paid on the issue of Units.
<b>Law</b>	Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.
<b>Minimum Holding</b>	The level of investment, below which investors are not normally permitted to retain an investment in the Fund.
<b>Net Asset Value</b>	The value of the Fund based on which Unitholders in the Fund can redeem or make an investment.

<b>Notice Request</b>	The notice required to be submitted by a Unitholder requesting an investment or redemption of his/her investment in the Fund. The Notice Request must be delivered to the Fund Manager at least four days in the event of investment, and fifteen days in the event of redemption, prior to the relevant Valuation Day.
<b>Preliminary Charge</b>	A fee normally payable on the issue of Units in addition to the Issue Price of such Unit.
<b>Property Investments</b>	The Fund's investments in global real property markets which are made by investing in U.S. Real Estate Investment Trusts (REITs), globally listed Real Estate Operating Companies (REOCs), unauthorised and authorised Property Unit Trusts (PUTs), and any other listed or unlisted property vehicles with liquidity parameters as approved by the Fund Manager.
<b>Qualified Unitholder</b>	Not a U.S. Person nor a person or entity acting for the account or benefit of a U.S. Person. A qualified Unitholder is any individual, corporation, partnership or establishment that has reasonable knowledge about real property investments and is well aware of the risk/return parameters involved with such investments. Other restrictions apply which are detailed in the Explanatory Memorandum.
<b>Realisation Price</b>	The Net Asset Value of a Unit receivable by a Unitholder on the realisation of a part or whole of his/her investment.
<b>Redemption Period</b>	The time needed by the Fund Manager to execute a Unitholder's redemption Notice Request. The Redemption Period is fifteen Business Days from the next following Dealing Day after a Notice Request has been received.
<b>Sponsor &amp; Distributor</b>	Strategia Investment Company K.C.S.C. Kuwait
<b>Trustee</b>	Kleinwort Benson (Guernsey) Limited of Westbourne, The Grange, St. Peter Port, Guernsey GY1 3BG, Channel Islands.
<b>Trust Instrument</b>	The document evidencing an arrangement by which property is owned and controlled by the Trustee for the benefit of the Unitholders.
<b>Unit</b>	An interest representing a share in the Fund's assets which may include fractions of Units.
<b>Unitholder</b>	An investor who is a Qualified Unitholder in the Fund.
<b>U.S. or USA</b>	Means the United States of America.
<b>U.S. Person</b>	Any U.S. resident, any partnership or incorporation organized or incorporated under the laws of the United States, or any agency or branch of any non-U.S. entity located in the United States, or any other person or entity which constitutes a "U.S. Person" within the meaning of Regulation "S" under the U.S. Securities Act of 1993.
<b>Valuation Day</b>	The last Business Day of each month or such other day or days as the Directors may determine from time to time.

## General Introduction

If you are in any doubt about the contents of the Explanatory Memorandum or about your position in relation to the acquisition, holding, or sale of Units, you should consult your stockbroker, bank manager, solicitor, accountant, financial advisor, or other professional advisor.

This document may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised. In particular, Units in the Fund may not be sold or issued to, or beneficially owned by or for the benefit or account of a citizen of the United States. The Units are being offered and sold only outside of the United States in reliance upon Regulation “S” under the United States Securities Act of 1933. The Trust Instrument contains provisions empowering the Fund Manager to transfer or realise compulsorily any Units, which are held or believed to be held in contravention of the above restrictions.

Each applicant is required to warrant that he/she is not a U.S. person and to undertake that he/she will not so offer, sell, or hold Units to the order of, or for, a U.S. person.

No person has been authorised to give any information or to make any representations, other than those contained in this document, in relation to the issue and sale of the Units; and if given or made, such information or representation must be regarded as unauthorised and must not, accordingly, be relied upon. Neither the delivery of this document nor the offer, issue, or sale of Units shall, under any circumstances, constitute a representation that the information given herein is correct as of any time subsequent to the date hereof.

Investors should be advised that the value of the Units and the yield could go down as well as up.

All reference to “Dollars” “\$”, and “cents” are to U.S. currency

The Fund has been authorised by the Guernsey Financial Services Commission (the “Commission”) as a Collective Investment Scheme of Class B under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. In giving this authorisation the Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

Except in the jurisdiction stated above, Units have not been approved or disapproved by the U.S. Securities and Exchange Commission or by the securities regulatory authority of any U.S. State or any European country. Neither the Securities and Exchange Commission nor any such regulatory authority in the U.S. or Europe has passed an opinion upon the adequacy or accuracy of this Explanatory Memorandum. The Units have not been registered under the U.S. Securities Act of 1933.

Investors in the Fund are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988 made under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended.

To the best of their knowledge, the Directors of the Fund Manager confirm the information contained in this document is accurate in all material respects as at the date hereof.

August 2004

## The Fund

The Fund is a Guernsey Unit Trust established in and under the laws of Guernsey. The Fund is constituted by a Trust Instrument dated April 11th, 2000, the provisions of which are binding to all the Unitholders.

The Fund is an open-ended single class fund, authorized as a Class B collective investment scheme under the Law and the Rules that invests in a diversified global portfolio of Property Investments with proven track records. The Fund provides investors with the opportunity of investing in Units of the Fund. The Fund Manager, on behalf of the Fund, may enter into discretionary Property Investment management agreements in the different array of investments included in Property Investments.

The initial launch of the Fund was opened on April 15th, 2000 and ended on May 15th, 2000, at an initial Issue Price of U.S. \$100 (One Hundred U.S. Dollars) per Unit exclusive of any Preliminary Charge.

## Investment Objective, Policies and Restrictions

### INVESTMENT OBJECTIVE

The Fund's Investment Objective is to own and manage a diversified global portfolio of real property through established Property Investments with proven track records. The Fund will seek to achieve a total return (capital appreciation plus dividend distributions), consistent with reasonable risk, that exceeds the Index. The Fund will seek to minimise risk through geographic, property type and company diversification.

### INVESTMENT POLICIES

1. The Fund Manager on behalf of the Fund will invest substantially all its assets in global Property Investments. Allocation between Property Investments is subject to the Fund Manager's discretion.
2. The Fund Manager, on behalf of the Fund, may invest up to 20% of the Fund's assets in quality money market instruments for defensive or redemption liquidity purposes.
3. The investment selection criteria of Property Investments will include management experience, real estate portfolio quality, property type and geographic focus, dividend pay out policy, cash flow growth expectation, share value versus underlying net asset value, and future value appreciation potential.
4. The Fund Manager, on behalf of the Fund, will seek, but not be bound, to diversify its assets among various global real estate geographic regions and property type sectors in accordance with the Fund's Investment Objective.

### INVESTMENT RESTRICTIONS

#### The Fund:

1. may not invest in a single Property Investment that has more than 30% of its assets in a single indivisible property asset;
2. may not invest in a single Property Investment representing more than 25% of the Fund's Net Asset Value; for the exception of investments made by the Fund in commingled funds that comprise Property Investments.
3. may not represent more than a 20% ownership interest in the capitalisation of a single Property Investment;
4. may not borrow money or lend its assets other than for emergency short-term liquidity purposes as determined by the Directors. It is not expected that emergency short-term liquidity purposes will be other than for funding Unitholder redemption proceeds;
5. may only invest in Property Investments as defined in this Explanatory Memorandum;
6. may not invest in repurchase agreements, options, futures, calls, puts, swaps, short sales, forward contracts or other investment derivatives; except for currency hedging to reduce risk;
7. may not directly invest in real estate; and
8. may not invest in other collective investment schemes managed by the Fund Manager or any of its affiliates.

The above investment restrictions apply as at the date of the relevant transaction or commitment to invest. Changes in the Fund's assets do not have to be effected merely because, owing to appreciation or depreciation in value, or by reason of the receipt of, or subscription for, any rights, bonuses or benefits in the nature of capital, or of any acquisition, merger or scheme of arrangement for amalgamation, reconstruction or conversion or exchange, or of any repayment or redemption or other reason outside the control of the Fund Manager, any of the restrictions would thereby be breached. However, the Fund Manager will give due regard to the above restrictions and limits when making investments.

#### AMENDMENTS

The Fund's Investment Objective may only be altered with the approval of a Unitholder majority (i.e. 75%) by an Extraordinary Resolution passed at a meeting of Unitholders. The Fund's Investment Policies and Investment Restrictions may be changed by the Directors of the Fund Manager without the Unitholders' approval, subject to the provisions of sufficient notice of such change and provided the change(s) is/are considered by the Directors to be in the Fund's best interests.

The Trust Instrument entitles the Fund Manager and Trustee to modify, alter, or add to its provisions in circumstances which in the opinion of the Fund Manager and Trustee are not prejudicial to the interest of the Unitholders or are necessary to comply with fiscal or other statutory requirements. No such modifications can be made so as to impose on any Unitholder any obligation to make further payment, or to accept any further liability in respect of his/her Units.

#### BORROWING POWERS

The Fund may borrow (and have outstanding) amounts to satisfy realization requests by Unit Holders or to meet any temporary shortages of funds created by such requests.

Any leverage used by the Property Investments if any (in accordance with the limits disclosed in any relevant prospectus) will not be taken into account in computing the Fund's level of borrowing.

#### HEDGING POWERS

The Fund Manager may undertake hedging transactions. These hedging transactions will be designed to protect the capital from adverse movements in currencies, interest rates or other market factors.

## Dividends and Equalisation

The Directors intend to distribute received and accumulated net income (if any) by way of a dividend on a quarterly basis. This dividend will be accrued monthly and paid quarterly and distributed within two weeks of March 31st, June 30th, September 30th, and December 31st. The Fund Manager has decided that any dividend will be reinvested in the Fund to buy additional Units for the benefit of Unitholders on a pro-rata basis unless requested by the Unitholder, in writing, to be received in cash.

Equalisation is the amount of accrued income included in the price of each Unit, which will be allocated to a separate account in the books of the Fund on each dividend calculation date. Any Unitholder in respect of which equalisation was paid on issue of Units shall be entitled to the payment from the Equalisation Account of a capital sum on the occurrence of any of the following events during the relevant accounting period:

1. with the payment of the first income distribution following the purchase of a Unit, or
2. on the redemption of such Unit, or
3. on the termination of the Fund.

## Portfolio Transactions

In effecting transactions to purchase or sell Property Investments, primary consideration shall be given to obtaining the most favourable prices and efficient execution of transactions.

## Management and Administration

### THE SPONSOR AND DISTRIBUTOR

Strategia Investment Company (“Strategia”) a company incorporated in Kuwait, is the Sponsor and Distributor of the Fund. At August 1, 2004, Strategia’s total shareholder’s equity was approximately U.S. \$35 million, with total assets under management of U.S. \$120 million.

### THE FUND MANAGER

Marquee Fund Managers Limited acts as principal manager of the Fund. The Fund Manager is responsible for the overall investment policy, day-to-day management of the Fund’s portfolio, and computation of the Net Asset Value of the Fund’s Units.

The Fund Manager, on behalf of the Fund and in its sole discretion, may enter into any discretionary management agreement in relation to investment in Property Investments as long as such agreements are within the guidelines and provisions of this Explanatory Memorandum. The appointment of the Fund Manager can be terminated by an Extraordinary Resolution passed at a meeting of the Unitholders or by the Trustee if for good reason the Trustee believes that the continued appointment would not be in the best interests of the Unitholders, or if 75% in value of Units request the Trustee in writing to remove the Fund Manager.

The Fund Manager is a wholly owned subsidiary of Strategia and was incorporated in Guernsey on March 16, 2004 with an issued and fully paid share capital of U.S. \$50,000 (Fifty Thousand U.S. Dollars).

The registered office of the Fund Manager is at Westbourne, The Grange St. Peter Port, Guernsey GY1 3BG, Channel Islands. The Directors of the Fund Manager are:

Name	<b>MOHAMMED A. AL-SAQQAF</b>
Occupation	Chief Executive Officer, Strategia Mr. Al Saqqaf joined Strategia in 2004 immediately following Strategia’s purchase of KMEFIC’s real estate investment business. As Chief Executive Officer, he is responsible for Strategia’s general management, strategic development and client business development. He joined KMEFIC in 1988 where his most recent position was Assistant General Manager. In that capacity, he was actively involved in managing KMEFIC’s international real estate business and other investment activities. Mr. Al-Saqqaf has a degree in Industrial and Systems Engineering from the University of Southern California.

Name	<b>NOOR ALZABIN</b>
Occupation	Assistant Manager, Strategia Ms. Alzabin joined Strategia in 2004 immediately following Strategia’s purchase of KMEFIC’s real estate business investment business. As Assistant Manager, she is actively involved in the analysis, structuring, marketing and management of real estate funds products. Ms. Alzabin graduated from Kings College London with a degree in Business Management.

Name **IAN POWELL**  
 Occupation Head of Corporate Fiduciary, Kleinwort Benson (Channel Islands) Limited Mr. Powell has been involved in the fund administration industry since 1980. He is an Associate of the Chartered Institute of Secretaries and Administrators and is also a member of the Securities Institute of the United Kingdom.

Name **HORACE CAMP**  
 Occupation Director, Kleinwort Benson (Guernsey) Fund Services, Limited  
 Mr. Camp is a Director of Kleinwort Benson (Guernsey) Fund Services Limited which is the Administrator, Secretary and Registrar of the Fund. Mr. Camp has been involved in the administration of investment funds since 1984 and is the director of a number of fund management companies.

The Fund Manager carries on the business of mutual fund management and is licensed by the Guernsey Financial Services Commission as a manager of authorised Collective Investment Schemes under the Law. The Fund Manager has delegated certain functions and powers as Fund Manager (subject to certain exceptions) to Kleinwort Benson (Guernsey) Fund Services Limited (KBGFS) under an agreement dated April 11th, 2000 (the “Administration Agreement”). The appointment of the Administrator can be terminated inter alia by either party on the giving of three months notice or immediately upon termination of the Fund.

KBGFS was incorporated in Guernsey on May 2nd 1978. KBGFS is licensed by the Guernsey Financial Services Commission to provide administrative and other services to authorised Collective Investment Schemes under the Law 1987. The ultimate holding company of KBGFS is Allianz A.G. (“Allianz”) a company incorporated in the Federal Republic of Germany.

#### **THE INVESTMENT ADVISOR**

The Fund Manager may appoint one or more Investment Advisors for any Property Investment the Fund may invest in from time to time.

An Investment Advisor does not have the power to enter into any investment transaction in Property Investments without the consent of the Fund Manager or its duly appointed agent. An Investment Advisor’s appointment is for a period without a specified time limit and may be terminated upon no more than three month’s written notice by either party. The Fund Manager may appoint multiple investment advisors to the Fund as long as the overall Fund management fee is not increased.

#### **THE TRUSTEE**

The Trustee is Kleinwort Benson (Guernsey) Limited. The Trustee will be responsible for the safekeeping of all securities and other assets of the Fund. The Trustee’s principal activities involve the provision of banking, custodian and trustee services as well as acting as trustee/custodian for other investment companies and unit trusts. The assets of the Fund will be held either directly by the Trustee or to its order by sub-custodians, nominees or delegates of the Trustee. The appointment of the Trustee can be terminated inter alia by an Extraordinary Resolution or automatically by the Trustee ceasing to be licensed under the Law or the Trustee going into liquidation.

The Trustee was incorporated with limited liability in Guernsey on June 11th, 1963 and is a bank licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law 1994. As at the date of this document the Trustee’s authorised share capital was £1,000,000 divided into 1,000,000 Ordinary Shares of £1 each, all of which have been issued credited as fully paid. The Trustee is also licensed under the provisions of the Law to conduct certain restricted investment activities.

The Trustee’s registered office is at Westbourne, The Grange, St. Peter Port, Guernsey GY1 3BG, Channel Islands. The ultimate holding company of the Trustee is Allianz.

The Trustee has delegated the responsibility for administration of the register of Unitholders to Kleinwort Benson (Guernsey) Fund Services Limited (KBGFS).

## Units

The interests of investors in the Fund will be represented by Units with each Unit representing an undivided share in the net assets and income of the Fund. The nature of the right represented by a Unit is that of a beneficial interest under a trust. Unitholders will be entitled to participate in distributions of income from the Fund. Unitholders will be entitled to attend and vote at meetings of Unitholders. No persons other than the registered holders of Units or their proxies will be entitled to vote at such meetings. Units will only be issued in fully paid form. The issue of Units is at the Fund Manager's discretion.

Units will be issued at prices reflecting the Net Asset Value of the Fund and will be calculated to three decimal places. Units will be in registered form but certificates will not be issued. The register of Units may be inspected free of charge during normal business hours at the registered office of KBGFS and Strategia.

A personal account number will be allocated to each Unitholder. In their own interest, Unitholders are strongly advised to refer to their personal account number in all communications referring to transactions with the Fund.

The Fund Manager, and any of its affiliates, may purchase Units in the Fund without accounting to the Fund for profits.

The Fund Manager will establish a client account for the receipt and payment of investor monies through which all transfers to or from the Fund will pass. Any interest earned on this account will be credited to the Fund.

### ISSUE OF UNITS

The procedure for application is set out under the heading "How to Invest". Units may only be created and issued on a Dealing Day.

The Issue Price is determined as of the next Valuation Day, following the receipt by Strategia of the application form and the remittance. The Issue Price is an aggregate of (i) the Issue Price, (see "Valuation and Prices" below) and (ii) a Preliminary Charge (see "Preliminary Charges" under "Charges and Expenses" below).

Remittances will be applied in purchasing the maximum number of Units, including fractions, which can be purchased at the Issue Price and including the Preliminary Charge in force on the Valuation Day immediately following receipt by the Fund Manager of the U.S. Dollar amount thereof in cleared funds. Strategia will send a written confirmation of the number of Units so purchased as soon as practicable thereafter.

No Units will be created or sold by the Fund Manager during any period when the determination of the Fund's Net Asset Value is suspended. The minimum subscription for Units will be U.S. \$10,000 (Ten Thousand U.S. Dollars) in respect of the first subscription. Any subsequent subscriptions should be in U.S. \$1,000 (One Thousand U.S. Dollars) increments or as determined by the Fund Manager. Subscriptions must be paid and realisation money will be paid in U.S. Dollars. Applications for investment in the Fund received less than four Business Days prior to the relevant Valuation Day may be held over until the next following Dealing Day unless subsequently withdrawn. An application for investment in the Fund may be withdrawn at any time up to the date representing the fourth Business Day prior to the relevant Valuation Day, at which time the application may become irrevocable.

### APPLICATIONS

Applications should be made on the application form attached to the back of this Explanatory Memorandum or forms obtainable from Strategia or the Fund Manager. Applications should be forwarded with the appropriate remittance to Strategia as agent for the Fund Manager. Any subsequent application from the same applicant may be made by some other method as approved by Strategia. Applications may be made Monday to Friday at 9:00 a.m. to 5:00 p.m. Guernsey time.

The attention of applicants is drawn to the requirement that the Fund Manager must have received cleared funds in U.S. Dollars prior to the issue of Units. No money should be paid to any salesman.

Completed applications will be forwarded to the Fund Manager as soon as practicable after receipt by Strategia and after first being advised to the Fund Manager by telephone or fax. Investor applications will be adequately notified to the Fund Manager by the applicable Dealing Day. Strategia has, however, no authority to agree, on behalf of the Fund Manager or otherwise, that applications will be accepted; and applications will only be dealt with when actually received in Guernsey. Advice of applications will normally be sent by the Fund Manager to applicants or their agents via Strategia as quickly as possible thereafter.

#### **PAYMENT OF SUBSCRIPTION MONIES**

Applicants are advised to remit their application monies by telegraphic transfer in accordance with the instructions as described in “How to Invest” below. Cheques should be sent to Strategia. It should be noted that cheques may take a considerable time to clear; and that applications will not be dealt with until Strategia has been notified that the relevant cheque has cleared.

#### **REALISATION OF UNITS**

Any Unitholder may realise his/her holding in whole or in part subject to the Minimum Holding requirement which, for the time being, has been determined to be U.S. \$10,000 (Ten Thousand U.S. Dollars). An application for partial realisation may be scaled down by the Fund Manager if as a result of the Unitholder’s realisation the Unitholder would be left with less than the Minimum Holding.

Request for realisation should be made on the appropriate Notice Request redemption form, which is obtainable from Strategia or the Fund Manager or some other form of notice acceptable to the Fund Manager. The Notice Request redemption form should be addressed and received by Strategia or the Fund Manager not later than fifteen days prior to the next Valuation Day, and shall be executed at prices prevailing on the next Valuation Day following such notice. Any Notice Request redemption form received after the maximum allowable time will be based on the second following Valuation Day after receipt of such notice. If such notice is received by Strategia, Strategia shall immediately advise the Fund Manager by telephone or fax of such realisation. On the appropriate Dealing Day, if any Units are redeemed, the Fund Manager shall ensure that payment of realisation monies is executed within the Redemption Period. Errors made by the Unitholder’s bank, in the case of a wire transfer, causing delay of payment, are not the responsibility of the Fund Manager.

The Realisation Price of Units will be calculated as described in “Valuation and Prices” below and, subject as mentioned above, will be paid within the Redemption Period by a crossed U.S. Dollar cheque drawn on a bank in the U.S., or by U.S. Dollar telegraphic transfer to the Unitholder’s designated bank account. All wire transfers shall be made at the Unitholder’s expense. In all cases, payment will be effected at the risk of the Unitholder.

If the number of Units to be realised on any particular Dealing Day is more than 10% of the total number of Units in the Fund then in issue or deemed to be in issue, the Fund Manager will, to the best of its ability, execute the redemption request within the Redemption period. However the Fund Manager may, by written notice to the Unitholder(s) (or Strategia through whom realisation is requested) requesting realisation on that day inform the Unitholder(s) that the Fund Manager was unable to execute the full realisation request. Realisation requests will therefore be scaled down pro-rata to a level representing not more than 10% of the number of Units then in issue. The balance of the realisation requests will be realised at prices prevailing on the following Valuation Day, or as soon as practicable.

#### **TRANSFER OF UNITS**

Units, subject to the restrictions referred to under the heading “General Introduction”, will be freely transferable to any other person who would be a qualified Unitholder. The Fund Manager reserves the right to require any transferee to complete such declarations as may be required to establish qualification before accepting a transfer. The necessary form of transfer is available from the Fund Manager and when duly completed and signed by the Unitholder(s) must be submitted to the Fund Manager for approval and processing.

## Valuation and Prices

Due to the possibility of delays occurring while obtaining the values of some of the underlying assets of the Fund, the calculation of the value of aggregate assets of the Fund will be completed on the eighth Business Day following the Dealing Day. Should this not be a Business Day then the calculation will be performed on the first Business Day thereafter.

The Fund Net Asset Value equals the total value of the assets attributable to the Fund after deducting liabilities and accrued expenses. The Fund's securities will be valued as of each Valuation Day at the last reported trade for listed securities and at the mean of the bid and offer price for securities traded primarily over the counter, as furnished by a pricing service or brokers approved by the Fund Manager. When such security is listed, or dealt in, on more than one recognized investment exchange, the Fund Manager may in its absolute discretion select any one of such stock exchanges for the foregoing purposes. Other Fund assets will be carried at cost.

Within its Property Investments, the Fund may invest in property funds, which have periodic valuation procedures acceptable to the Fund Manager. Based on these valuations, as well as the public market valuation of other quoted real estate securities and investments of the Fund, the Fund Manager will then determine the Net Asset Value per unit by dividing the Net Asset Value of the Fund by the number of Units in issue immediately prior to the relevant Dealing Day after taking into account other assets, liabilities, and accrued expenses of the Fund.

In calculating the Issue Price and the Realisation Price per Unit respectively, the Fund Manager may make provision for a service charge for taxes and governmental charges however, for the time being the Fund Manager has determined that no service charge will be made. Accordingly, both the Issue Price and Realisation Price on each Dealing Day will be the Net Asset Value of a Unit rounded to the nearest two decimal places.

## Suspension of Dealing

The Fund Manager may temporarily suspend the determination of the Net Asset Value of the Fund when the value of investments cannot be reasonably ascertained; and during any period when the realisation of investments or the transfer of monies involved in such realisations cannot, in the opinion of the Directors, be effected at a reasonable price without detriment to other Unitholders. During such suspension no issue or realisation of Units may be made. Notice of the imposition and lifting of any suspension will be provided to all Unitholders.

## Taxation

Under current legislation, there is no capital gains tax, wealth tax, capital transfer tax or estate or inheritance tax payable in Guernsey on the issue or realisation of Units. The Fund has been accepted by the Guernsey Income Tax Authority as qualifying for exempt Trust status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that it is regarded as resident in Guernsey for taxation purposes, but exempt from taxation in Guernsey. The Fund's liability to Guernsey taxation is limited to an annual fee, currently at the rate of £600 per annum, payable to the Income Tax Authority. Exemption is granted on an annual basis and it is intended that the Fund will be managed in such a way so as to continue to qualify for exemption.

Investment income received by the Fund from the Property Investments is generally liable to withholding taxes at varying rates depending on the investment. Investment income received by way of bank deposit and/or bond interest may also be subject to withholding taxes. Save for the Fund's ability to reclaim a proportion of the withholding tax suffered on dividends received on U.S. Real Estate Investment Trusts, such withholding taxes are normally not recoverable. Each investor is advised to contact his/her taxation advisor in regards to such matter. The Fund Manager does not anticipate the Fund Unitholders to be subject to any capital gains tax upon the sale of its investment in the Fund although this cannot be guaranteed.

No stamp duty or issue tax is payable on the issue, conversion, transfer or realisation of Units in Guernsey. Stamp duties may, however, be payable on transfer of Units in certain other jurisdictions. Prospective investors in the Fund should inform themselves on the relevant laws of the jurisdictions to which they are subject, including the tax consequences (if any) and any exchange control requirements applicable to the subscription, holding, transfer and realisation of Units. The foregoing is based on the law and practice currently in force in Guernsey, and is subject to changes therein.

## Charges and Expenses

Under and subject to the provisions of the Trust Instrument, the Fund will bear the following expenses out of its assets at each Valuation Day, which will be charged primarily against income.

1. A total Management Fee, payable to the Fund Manager at the rate of 1.75% (one hundred and seventy-five basis points) per year of the Fund's Net Asset Value calculated as at the first or only Valuation Day of the relevant month. This calculation is based on the number of days elapsed since but excluding the previous Valuation Day as a fraction of 365 days (or 366 days in a leap year) and will be accrued monthly and paid quarterly in arrears. The Fund Manager will pay fees payable to the Administrator, Trustee and Investment Advisor, if applicable, from the stated management fee earned by the Manager.
2. The Trustee's remuneration shall be at the rate of 0.075% (seven and one-half basis points) per year on the Fund's Net Asset Value subject to a minimum Trustee remuneration which shall be U.S. \$15,000. A Trustee transaction fee of £35 per transaction shall also be payable in addition to the fee structure above.
3. The Administrator's remuneration percentage shall be based on the aggregated Net Asset Value of the Fund and several other investment portfolio's managed by the Fund Manager (collectively the "Aggregate Accounts"). The Aggregate Accounts' Administrator remuneration shall be 0.125% (twelve and one-half basis points) per year on the first U.S. \$20 million of Aggregate Accounts' Net Asset Value, 0.100% (ten basis points) per year on the Aggregate Accounts' NAV between U.S. \$20 million and U.S. \$80 million, and 0.075% (seven and one-half basis points) on the Aggregate Accounts' Net Asset Value in excess of U.S. \$80 million, subject to an aggregate minimum Administrator remuneration on the Aggregate Accounts which shall be U.S. \$25,000. The Administrator's remuneration shall be allocated to the Fund relative to the pro rata portion of the Fund's Net Asset Value to the Aggregate Accounts' Net Asset Value.
4. Other expenses incurred by the Fund include (but are not limited to) normal accountancy, audit and legal expenses; costs incurred in the acquisition, holding and realisation of Property Investments; costs of holding Unitholder meetings, Investment Advisor meetings and any reasonable travel expenses related to the Investor Board meetings; costs of giving notice to Unitholders; costs of publishing annual and semi-annual Fund reports, establishing the benchmark index, Explanatory Memorandum and similar documents and prices of Units; costs of obtaining and maintaining authorisation to promote, distribute or sell Units; costs of Fund registration; governmental and administration fees and taxes or duties as may be payable by the Fund; and fees or expenses approved by Extraordinary Resolutions; any interest on or expense or charges incurred in connection with borrowings permitted by the Fund's guidelines; the cost of any listing of the Units on any stock exchange; and normal Fund related photocopy, telephone and fax costs, if any.
5. The Fund formation expenses will not exceed U.S. \$150,000 (One Hundred Fifty Thousand U.S. Dollars), of which only the actual cost will be charged and amortised over a period of five years.

### PRELIMINARY CHARGE

The Sponsor and Distributor will be entitled to a scaled Preliminary Charge on the issue of Units of up to 1.5% (one hundred fifty basis points) of the invested capital. Any such charge will be earned and deducted by Strategia before the invested monies are forwarded to the Fund Manager. The Fund will not be subject to any Preliminary Charge at the Property Investment level.

## Information to Unitholders

### NOTICE

Notice to Unitholders will normally be published in one or more leading Kuwaiti newspapers as determined by the Fund Manager. If published more than once, a notice will be deemed to have been given on the first date on which it was published. Notice will be posted to Unitholders at their address in the Unit register. The Fund Manager may give any notice in any additional manner, which it deems appropriate.

### UNIT PRICE AND NET ASSET VALUE

The Issue Price, given exclusive of the Preliminary Charge, and Realisation Price of the Units and the latest Net Asset Value per Unit will be obtainable during office hours from Strategia and the Fund Manager.

### MEETINGS

The Trust Instrument of the Fund provides that Unitholder meetings, requiring for the purposes of a quorum at least two Unitholders in person to be present or represented by proxy and between them owning Units representing 20% or more of the Fund's Net Asset Value, may be convened by the Trustee or the Fund Manager at any time. Such meetings shall be convened upon the written request of the Fund Manager or at the written request of Unitholders representing not less than one tenth of the Net Asset Value of the Fund on the preceding Dealing Day. Every Unitholder shall be entitled on a poll to one vote for each Unit held or fraction thereof. An Extraordinary Resolution of the Unitholders requires a majority in favour of not less than 75% of the votes cast. Meetings, if any, will be held in Kuwait or in such place, as the notice will indicate.

### REPORTS

The financial year of the Fund ends on December 31st of each year to which date an independent audited annual report will be prepared. The annual report will be dispatched to Unitholders by the end of March in each year or as soon as practicable, but no later than four months after the relevant accounting period. Copies of the annual audited report of the Fund will be made available at the offices of Strategia, and the Fund Manager, and will be posted to Unitholders at their address in the Unit register. Interim reports will also be provided at the Fund Manager's discretion.

### DOCUMENTATION AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during normal business hours at the offices of the Trustee, Strategia, and the Fund Manager:

1. The Trust Instrument of the Fund dated April 11th, 2000, and its amendments.
2. The Administration Agreement dated April 11th, 2000, and its amendments; and
3. The latest Fund annual reports.
4. A copy of the Explanatory Memorandum.
5. Any other documents pertaining to the Fund that are available to the Fund Manager.

## How to Invest

Applications should be made on the application form attached at the back of this Explanatory Memorandum or on forms available from Strategia or the Fund Manager or the Trustee.

### TERMS OF SUBSEQUENT APPLICATIONS

Subject to any express terms, subsequent applications shall be deemed to be made mutatis mutandis upon the terms of the Explanatory Memorandum and application form, each as for the time being current.

The Sponsor and Distributor, subject to the Fund Manager's consent, may accept an application made by letter or fax, such application being processed in the normal way on receipt of cleared funds.

**ALL APPLICATIONS****(1) Warranties**

By making any applications for Units, the applicant(s) shall warrant to Strategia, and allotment will only be made on the basis that:

- (a) The applicant(s) has/have read the Explanatory Memorandum relating to the Fund and the terms thereof which provide that the Unitholder is not a U.S. Person and is not acting for the account or benefit of a U.S. Person, and is acquiring the Units on an offshore transaction in accordance with Regulation "S" under the U.S. Securities Act of 1933. Holders of Units may not offer, sell or otherwise transfer Units to, or to the order of, or for any U.S. Person.
- (b) In the case where the application form is signed by a person on behalf of an applicant, that person hereby warrants (i) he/she has due authority to make this application (ii) the Explanatory Memorandum has been delivered to or explained to the applicant (iii) that to the best of his/her knowledge the applicant is not acquiring and will not hold, deal with or dispose of the Units in the circumstances aforesaid and that (iv) the applicant is a Qualified Unitholder.

**(2) General Notes**

- (a) A corporation must execute the application form under its common seal or under the hand of a duly authorised officer whose capacity should be stated.
- (b) If the application form is signed by an attorney, or a person on behalf of the applicant, the Power of Attorney or evidence of authority, as the case may be, must accompany the application form.
- (c) Notwithstanding (a) and (b) of this paragraph, the Sponsor and Distributor may at its discretion accept an application form signed by a bank or other person or corporation on behalf of, or purportedly on behalf of, an applicant.
- (d) For the purpose of money laundering prevention, the Fund Administrator, on behalf of the Fund Manager, may require investors to supply additional personal information and/or references in order to verify the information contained in their application form.

## General Information

**SIZE AND DURATION OF FUND**

Once capital contributions have reached U.S. \$100,000,000 (One Hundred Million U.S. Dollars) the Fund Manager will consider whether any further Units may be issued. The Fund may be terminated by the Trustee and the Fund Manager at the end of the accounting period in the year 2005 or any fifth anniversary thereafter.

In addition, the Trustee may terminate the Fund in certain circumstances including those which render the Fund illegal or, which in the opinion of the Trustee, make the continuation of the Fund impracticable or inadvisable. All units not previously redeemed will be compulsorily redeemed and cancelled on the last Dealing Day in the year 2030 at the Realisation Price ruling on that Dealing Day.

The Fund may also be wound up at any time in the following circumstances:

- (1) on the passing of an Extraordinary Resolution of the Unitholders to amalgamate or reconstruct the Fund or to wind up the Fund (requiring a majority in favour of at least 75% of the total number of votes cast for, or against, such resolutions);
- (2) if authorisation of the Fund is revoked; or
- (3) if the Net Asset Value of the Fund falls below U.S. \$5,000,000 (Five Million U.S. Dollars) after the first anniversary of the Trust Instrument on each Dealing Day in any consecutive period of six months.

Unless wound up beforehand, the Fund will be wound up on the last Dealing Day in the year 2030. On winding up the Fund, the Trustee will realise the Fund property and, after paying out all liabilities properly so payable and retaining provision for the cost of the winding up, will distribute the proceeds of that realisation to the Unitholders in proportion to the number of Units held by them.

#### EXCHANGE CONTROL

Investors should inform themselves as to the exchange control requirements (if any) in the countries of their nationality, residence or domicile which are applicable to the acquisition, holding, transfer and realisation of the Units.

#### INDEMNITIES

The Fund's Trust Instrument contains provisions indemnifying the Trustee and the Fund Manager against liability in certain circumstances.

## Risk Considerations

The value of this Fund could fall as well as rise and therefore potential Unitholders should give this investment proposal sufficient consideration before investing as the Unitholder may not receive the full amount he/she invested at the time of the requested liquidation. Furthermore, due to the nature of real estate investments, liquidity might not be easily attainable as in other forms of investments which may cause delays in executing requests for realization.

The opportunity to redeem Units normally occurs only once a month and there is no recognised market for the Units. Reflecting the relatively illiquid nature of the underlying assets, the Trust Instrument includes powers to suspend and postpone redemptions. Accordingly, it may be difficult for a Unitholder to deal in his/her investment or to obtain reliable information about its value or the extent of the risks to which his/her investment is exposed. Units should therefore be held as a long-term investment. Currency exchange risks exist in the Fund due to its objective of investing globally.

## Administration and Advisors - Addresses

### SPONSOR AND DISTRIBUTOR

Strategia Investment Company K.C.S.C.  
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### FUND MANAGER

Marquee Fund Managers Limited  
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### ADMINISTRATOR & REGISTRAR

Kleinwort Benson (Guernsey) Fund Services Limited  
Registered Office: Westbourne, The Grange  
St. Peter Port, Guernsey GY1 3BG, Channel Islands

### TRUSTEE

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