



REITs

Balanced Growth Opportunities



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WHAT ARE REITs?

- A Real Estate Investment Trust (REIT) is an investment vehicle structured as a Trust, the objective of which is acquiring, holding, administering, managing and selling income generating local and foreign real estate properties, either directly or indirectly.
- REITs provide to investors an alternative investment asset class and access to ownership in a large high value real estate projects at low ticket sizes. Typical REIT portfolios includes high income-generating properties such as shopping malls, offices, hotels, healthcare, industrial.
- REITs provide regular income distribution to investors. According to existing CBB regulations, the dividend payout ratio of a REIT has to be at least 90% of its net realized income, unitholders can expect to receive stable distributions.
- REIT structures are regulated by the Central Bank of Bahrain ('CBB') and must be authorized by the CBB before they can be listed on Bahrain Bourse.
- A CBB-authorized REIT is governed by the Financial Trusts Law No. (23) of the Year 2006, Volume 7 of the CBB Rulebook, as well as REIT Listing Rules issued by Bahrain Bourse. REITs that are listed on a stock exchange trade just like a stock.

LISTING REQUIREMENTS

REITs licensed by the CBB are mandated by law to list on the stock exchange within a period of 6 months from obtaining approval from CBB

General	Legal Structure	▶ Trust licensed by CBB
	Minimum Size	▶ US\$ 20 million in asset value
	Management	▶ Fund Manager licensed by CBB
	Duration of a Trust	▶ Max of 100 Years
	Domicile of REIT	▶ Open to any Domicile
	Domicile of underlying Real Estate	▶ Open to any Domicile
Investment	Income-producing property	▶ Minimum 2 properties comprising 80% of REIT’s NAV
	Development Property	▶ Maximum 20% of REIT’s NAV
	Foreign Investment in Real Estate	▶ Permitted
	Leverage Limit	▶ Maximum 60% of REIT’s NAV
	Dividend Policy	▶ Minimum 90 % of its audited net realized income

GOVERNANCE OF LISTED REITs

REITs typically portray market-leading corporate governance philosophies, which helps in driving shareholder value.

Disclosure Requirements

Disclosures	Type of Information	Time of Disclosure
Information Disclosure	REIT Net Asset Value	Monthly basis within 6 Trading Days after period end
	Audited Financial Statements	Annual basis within a period of three months after period end Statements to be prepared om accordance with IFRS or AAOIFI accounting Standard
	Trust Property Valuation Report	Annual basis
	Investor Reports	Annual basis within a period of four months after period end
Event Disclosure	Price-sensitive Information	Immediately
	Changes to any of its Directors	Within 15 Calendar Days
	Changes to the REIT Trust Deed	Within 7 Trading Days before any change takes place
	Termination of any agreement between REIT and a third-party	Within 6 Trading Days

WHY LIST IN BAHRAIN

“ Value through
Performance ”

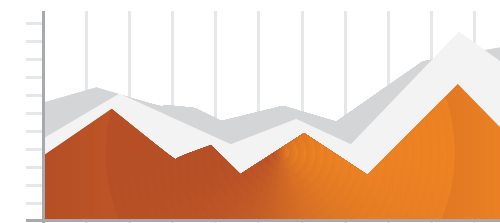


- State-of-the-art legal and regulatory environment
- Resilient market infrastructure for securities trading, clearing and settlement
- High regulatory and investor protection standards
- Solid financial sector supervision
- Diversified offer of financial products and services
- Unique concentration of investment fund industry experts
- Unrivalled know-how in cross-border investment funds business

“A pool of benefits”

BENEFITS OF REITs

There are multiple benefits of investing in REITs. REITs allow investors to reap the benefits of owning property as an asset class without directly owning and managing property.



Performance

- Outperforms stocks over most periods
- Better Returns vs. Corporate Bonds
- Delivers Growth/Income
- Higher return/lower risk

Liquidity

- Bought & sold like any other equities
- Tactical Asset Allocation
- Enables Portfolio Rebalancing
- Exposure to immovable assets

Profitability

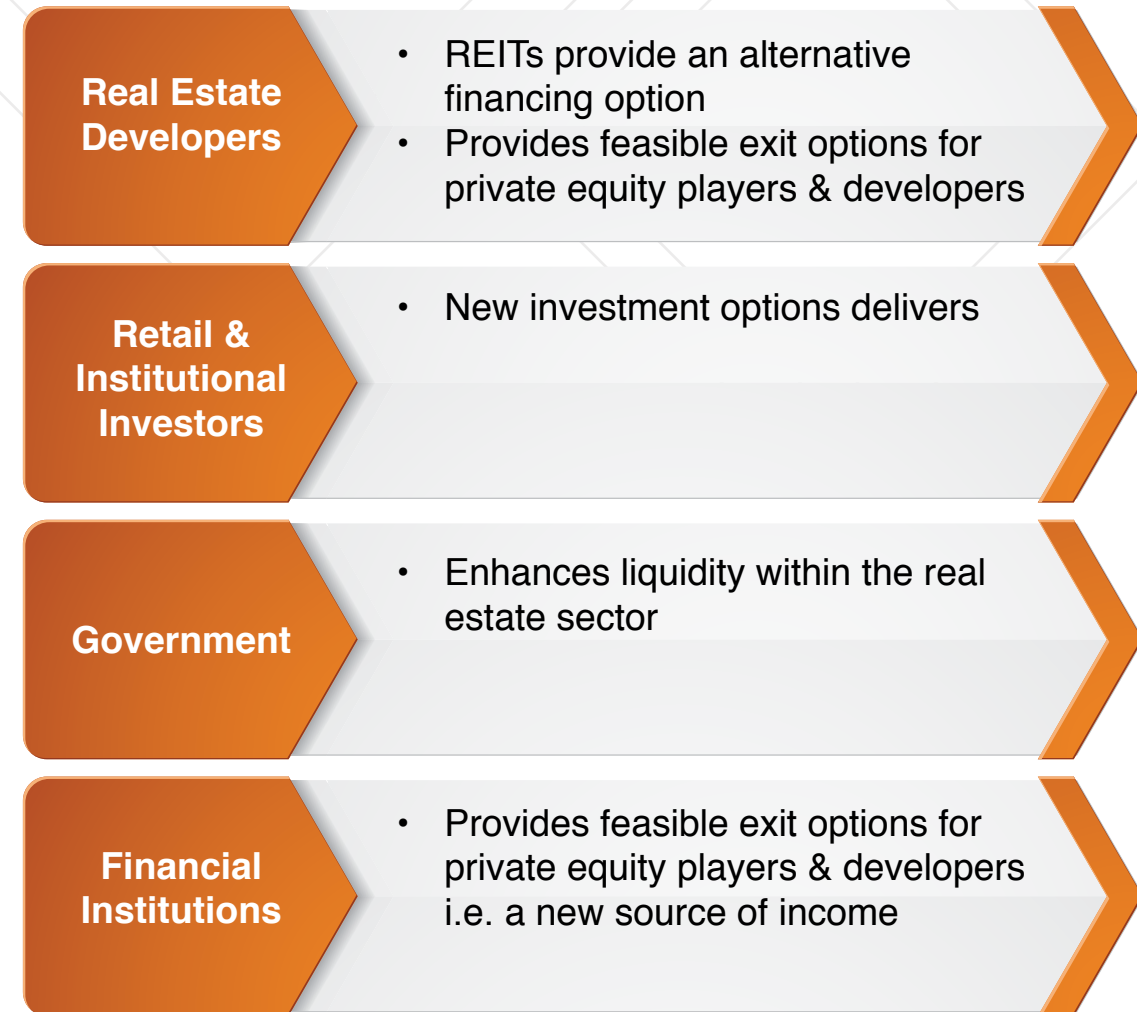
- Dividend & wealth accumulation
- Reliable income returns
- Reduces portfolio volatility

Transparency

- Strong Corporate Governance
- Market Transparency
- Professional Management

ECONOMIC DRIVERS

The real estate sector contributes significantly to the GDP of the country, and hence the continuous regulation of the sector will benefit all involved stakeholders.

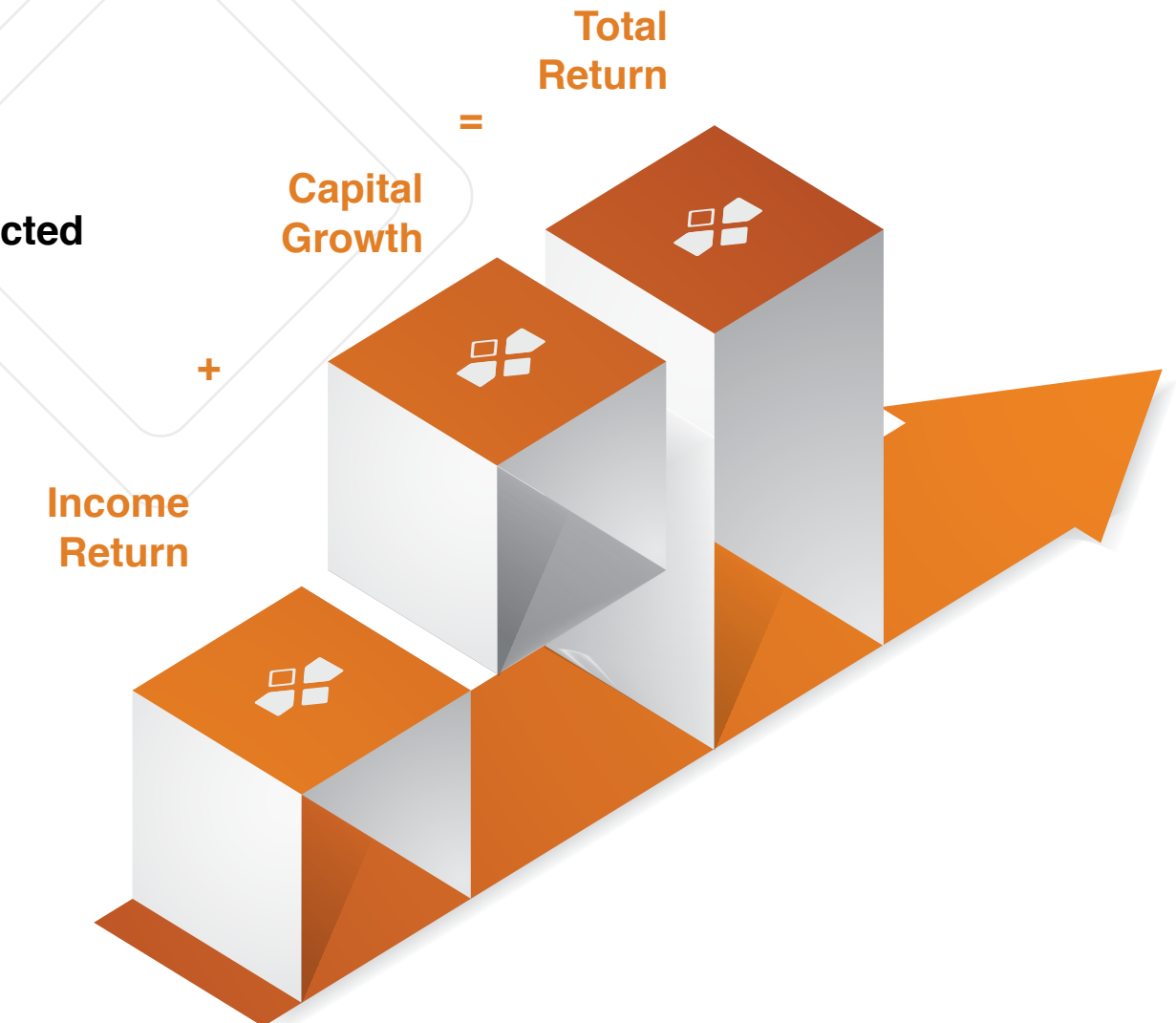


A regulated REIT industry helps in facilitating investment in productive assets and provide much needed liquidity in the market.

INVESTOR RETURNS

Investing in REITs provides investors with income return coupled with capital appreciation, resulting in unrivalled returns.

What kind of returns can be expected from REITs?



EVOLUTION OF REITs

In 2006, the Kingdom of Bahrain introduced the Financial Trust Law. In 2015, Bahrain Bourse adopted the REIT Listing Rules which is open to both sharia compliant as well as conventional REITs. The REITs are open for trading to both institutional as well as retail investors.

“ A tradition of excellence and innovation ”

2006

Issuance of
Financial Trust Law
2006 by Kingdom of
Bahrain

2009

Launch of the first
Shari'ah compliant
REIT

2012

CBB releases Volume 7
Rulebook which encompasses
rules governing Real Estate
Investment Trusts

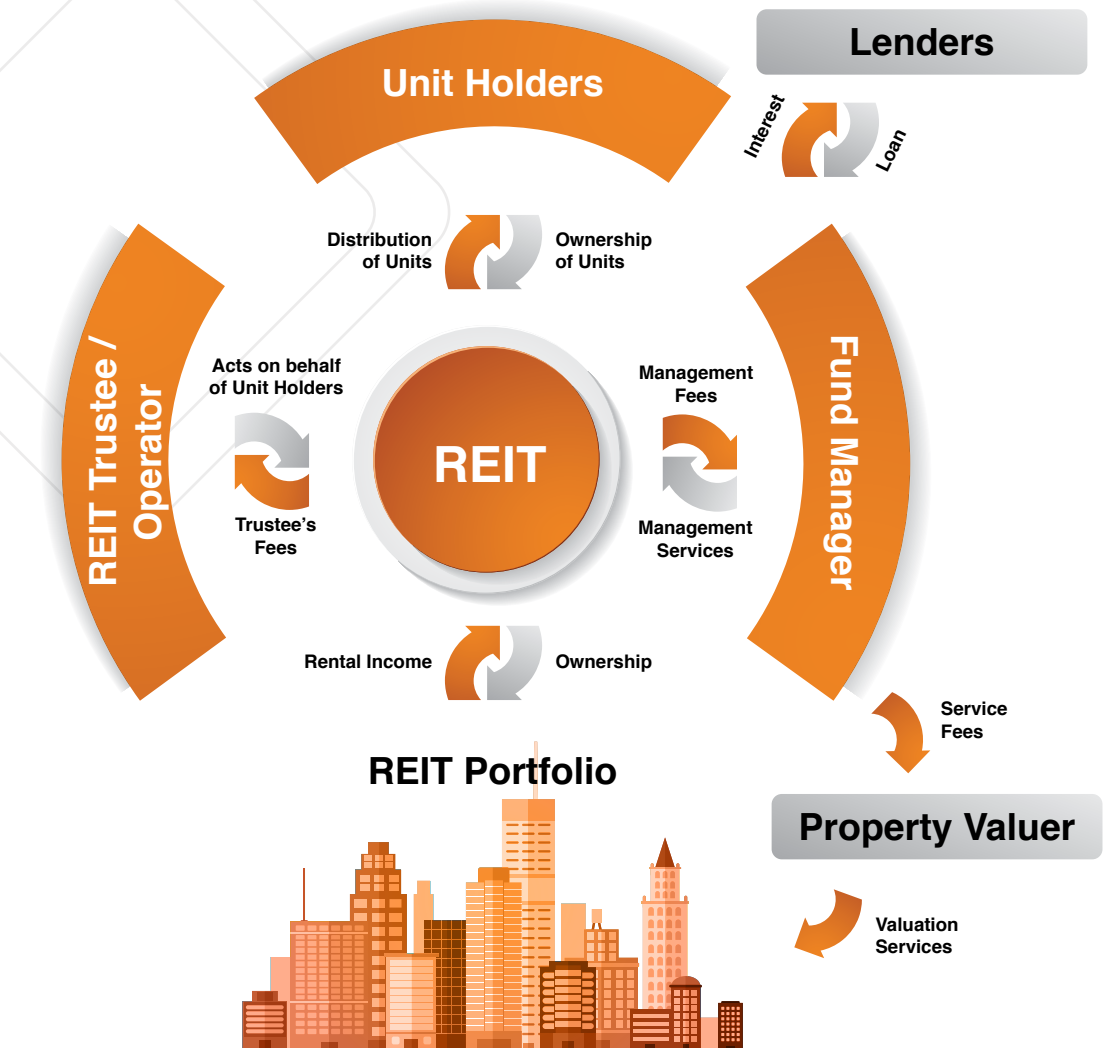
2015

REIT Listing
Regulations
adopted at Bahrain
Bourse

“ Building Confidence ”

A REIT is a collective investment scheme where funds from investors are pooled and invested towards a specified goal as set out in the Trust Deed of the REIT. These real estate assets generate income from rent collected from tenants, which is distributed, net of expenses, to investors at regular intervals. The Trust Deed sets out the manner in which the REIT is to be administered, the valuation and pricing of units, the keeping of proper accounts and records, the collection and distribution of income, the rights of unitholders, the duties and responsibilities of the Fund Manager and Trustee with regard to the operations of the REIT, and the protection of Unitholders' interests.

REIT STRUCTURE



TYPES OF REITs

Most REITs specialize in a single type of real estate. However, new trends are emerging in specialized REITs such as cineplex, data centers, student housing, energy infrastructure, providing an array of investment opportunities to meet every investor's needs.

“What Type of REITs are Available for Trading?”



“Enhanced
Shareholder value”

PERFORMANCE INDICATORS

Investors should familiarize themselves with the following performance indicators of REITs. Investors should consult a professional advisor as to the legal, business, and financial related aspects of investing in a REIT.

■ **Distribution Yield:**

$\text{Distribution Yield} = \text{Income Distribution paid to a REIT Unit Holder} / \text{Prevailing Market Price of the REIT}$

■ **Net Asset Value (NAV)**

The value of a REIT is based on its tangible real estate holdings. This is calculated by summing the total assets of a company less all its liabilities.

■ **Management Expense Ratio (MER)**

The ratio of expenses incurred in operating a REIT to the NAV of the REIT. These expenses include the annual management fee, the annual trustee fee, valuation and auditors' fees and miscellaneous costs of administration, but exclude direct property operating expenses. The MER is published in the annual and interim reports.

■ **Average Annual Return**

The percentage change in a REIT's price for the period under review. This indicator allows investors to compare the annualized return of the REIT with other forms of investment as typically expressed in 'per cent per annum'.

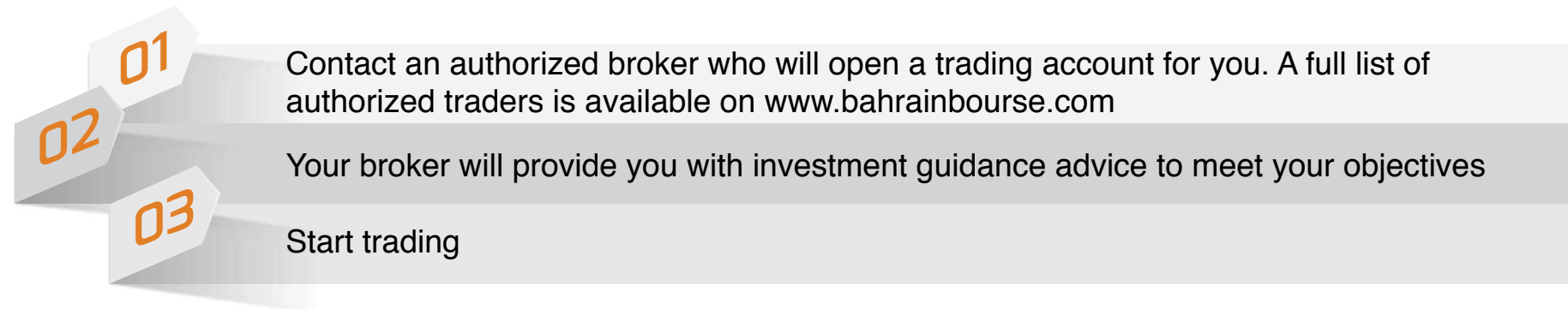
GET STARTED

What are the main investment considerations?

Apart from the general market risks of economy, politics, capital market and interest rates, investors should be aware of the following:

- Management quality including track record and reputation
- Investment objective and strategy of the REIT
- Quality of the underlying real estate assets, including factors such as mortgages, occupancy rates and locations
- Distribution policy of the REIT

How to Buy and Sell Listed REITs?



CONTACT US



We'd like to hear from you. Please contact us on the below noted information to discuss your requirements



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