

# Real Estate Funds

Exploring the Recent Revival and Future Prospects  
in the Sector

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# Introduction

- Current situation for real estate funds
- Future Prospects
- Shariah issues for real estate funds
- Real estate and Islam

# Current Situation

- June 07 – June 08: UK property fund sector £93bn to £78bn
- Redemption freezing or 'forced' selling
- Unit trusts/open-ended funds in decline
- Sector-specific funds out of fashion
- Most new funds in 2008 were diversified funds
- Opportunity funds/Recovery Vehicles

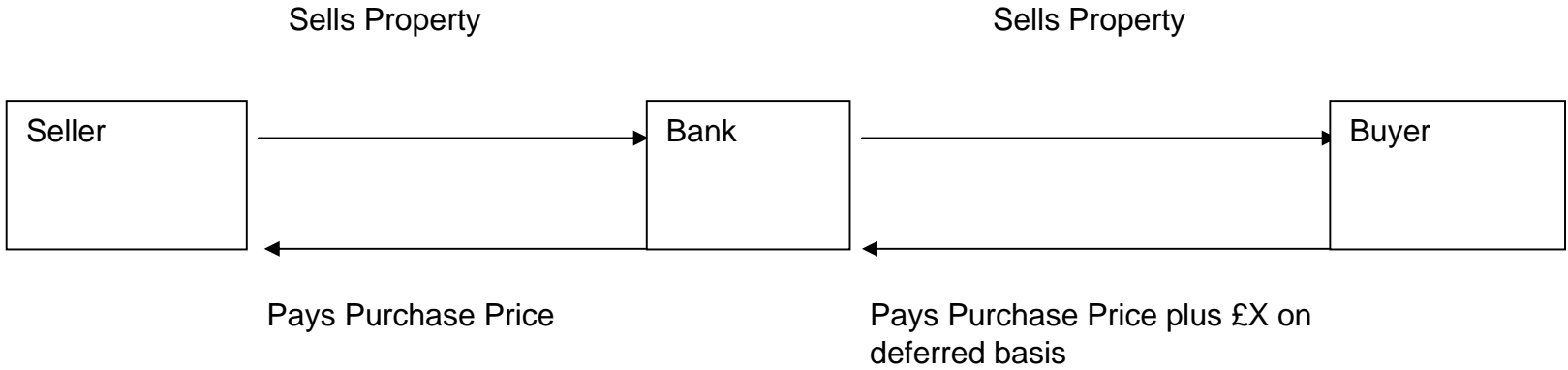
# Future Prospects

- 2009: further falls expected
- Estimated the SWFs will invest US \$725bn in commercial real estate by 2015
- Increasingly diversified
- Increasing globalisation
- Middle Eastern capital is crucial and shariah compliance will be increasingly important

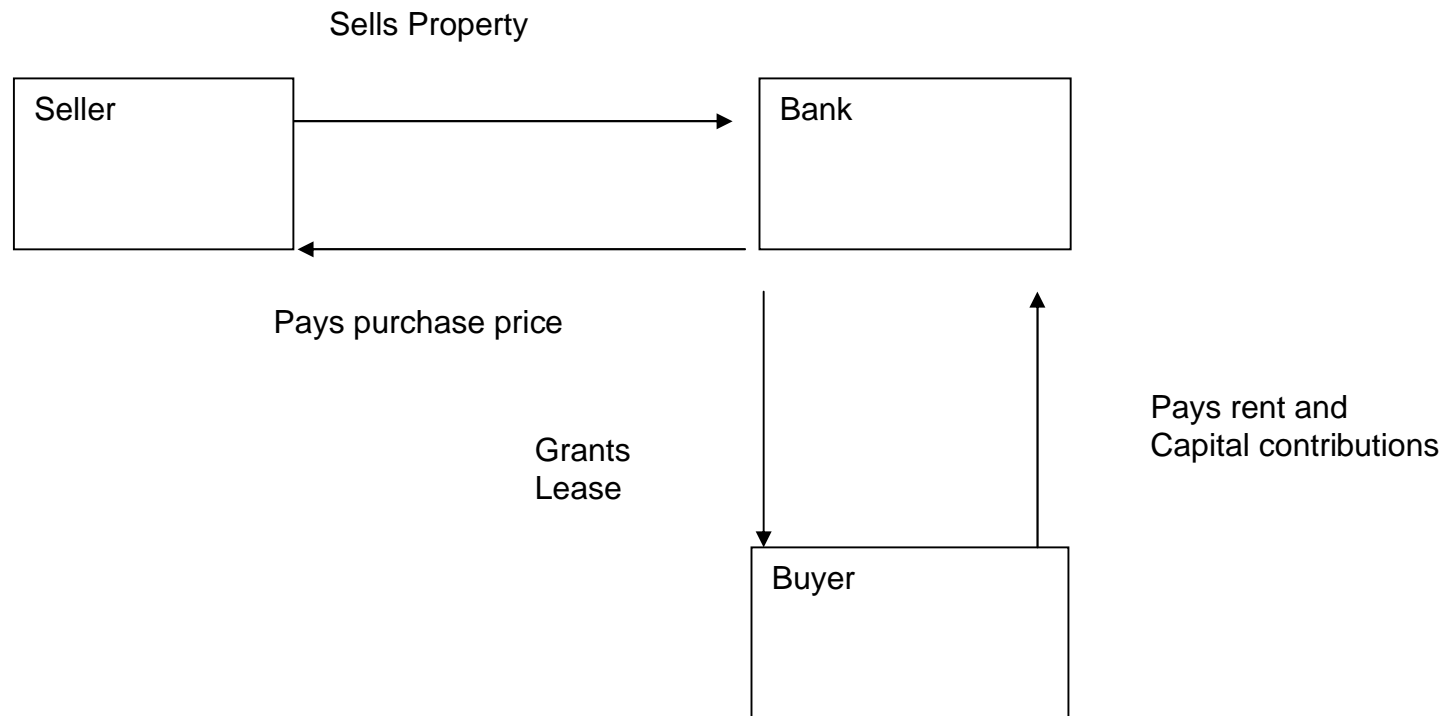
# Shariah Issues in Fund Management

- Gearing
- Prohibited Uses
- Holding of cash
- Insurance/Repairs
- Interest penalties
- Transaction conduct

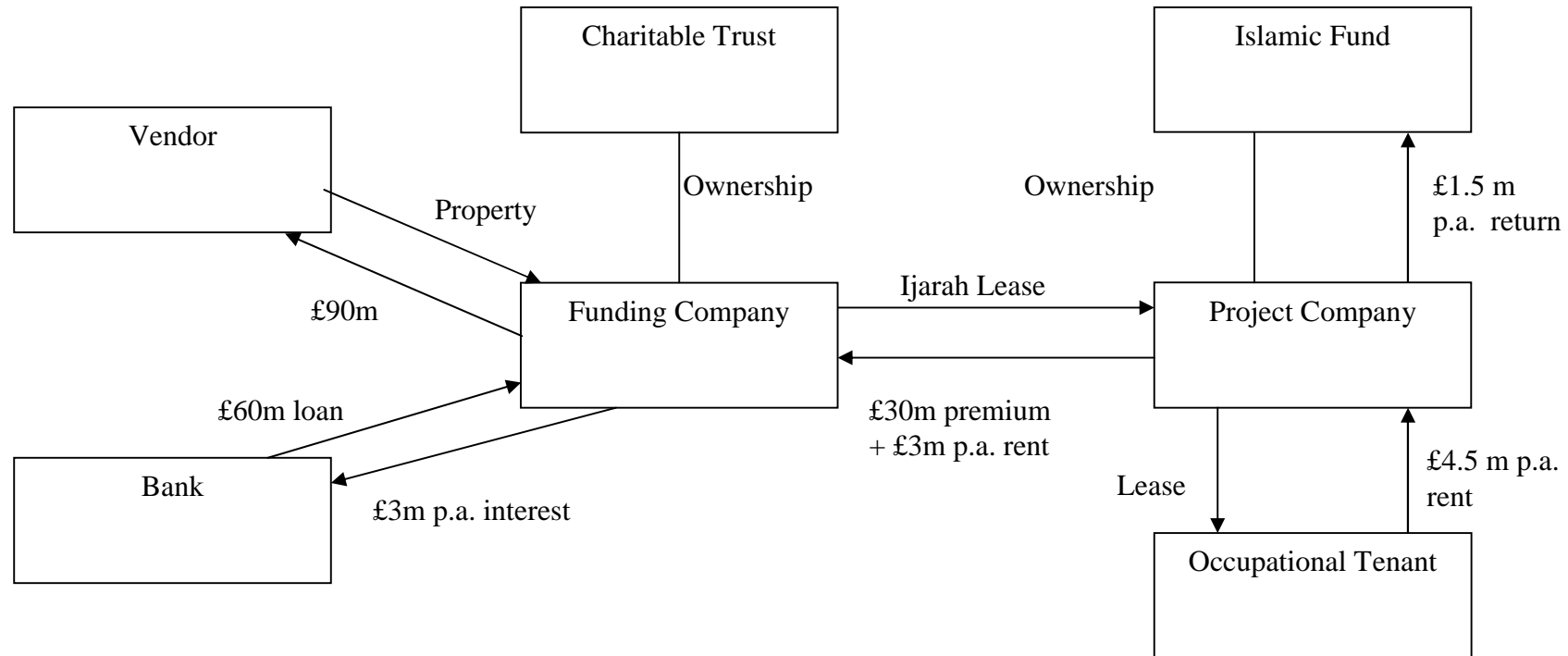
# Murabaha



# Ijarah and Diminishing Musharakah



# Ijarah Fund



# Land Law and Islam

- Ultimate ownership
- Property held on sacred trust for Allah
- Not to be used wastefully or exploitatively
- Twofold right of disposal

