

Key Investor Information

This document provides you with key information about this investment product. It is not a marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

PRODUCT

Name: INCOME CAPITAL – REAL ESTATE FUND (“Fund”)

Manufacturer: INCOME CAPITAL MANAGEMENT S.R.O. - Rybná 716/24, Staré Město, 110 00 Praha 1 (CZ)

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You are about to purchase a product that is not simple and may be difficult to understand.

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Objectives and Investment Policy

The core objectives of the INCOME REAL ESTATE Fund (Fund) are anchored in delivering sustained long-term capital appreciation to investors. This is strategically achieved through a robust investment policy designed to curate and manage a diversified portfolio of income-generating real estate assets. The Fund focuses on the judicious acquisition and adept management of a variety of real estate classes, encompassing residential, commercial, and industrial properties.

Furthermore, it is important to note that the Fund is registered and operates under the Czech Central Bank authorities and adheres to relevant regulations. This regulatory framework ensures that the fund conducts its operations in compliance with established standards, providing an additional layer of transparency and investor protection. The fund's commitment to regulatory compliance underscores its dedication to maintaining the highest standards of integrity and accountability in the management of investor assets.

Fund Strategy

The Fund strategy is crafted to maximize returns and navigate the dynamic real estate landscape. This multifaceted approach encompasses various pillars that collectively contribute to achieving the fund's objectives:

Selective Property Acquisition:

The fund strategically acquires real estate properties globally located after rigorous due diligence, focusing on assets with the potential for capital appreciation and sustainable income generation.

Active Asset Management:

Employing a hands-on approach, the fund engages in proactive asset management practices. This involves implementing strategic enhancements, conducting regular property assessments, and optimizing operational efficiency to enhance overall asset value.

Risk Mitigation Through Diversification:

Recognizing the inherent risks in real estate, the fund employs a diversification strategy by investing in a range of real estate classes. This mitigates risks associated with specific market segments and contributes to a resilient and balanced portfolio.

Value-Add Initiatives:

The fund identifies and executes value-add initiatives aimed at enhancing the intrinsic value of acquired properties. This may involve renovations, technological upgrades, or innovative tenant engagement strategies to drive increased property valuation.

Data-Driven Decision Making:

Utilizing advanced analytics and market research, the fund relies on a data-driven decision-making process. This approach ensures that investment decisions are informed by comprehensive insights into market trends, tenant preferences, and economic indicators.

Adaptability and Flexibility:

In response to changing market conditions, the fund maintains a flexible strategy that allows for swift adaptation. This adaptability enables the fund to capitalize on emerging opportunities and navigate challenges effectively.

Sustainable Practices:

The fund integrates sustainable practices into its investment strategy, recognizing the growing importance of environmental, social, and governance (ESG) factors in real estate. This commitment not only aligns with responsible investment principles but also positions the fund strategically in an evolving market.

Through the seamless integration of these strategic components, the Fund aspires to not only meet but exceed the expectations of its investors, fostering a resilient and growth-oriented investment journey in the dynamic real estate sector.

Risk and Reward Profile

Risk Indicator: Low to Moderate

The Fund is characterized by a prudent low-to-moderate risk indicator, strategically aiming for a harmonious equilibrium between capital preservation and potential returns. This nuanced risk profile acknowledges and addresses potential risks linked to real estate investments, market oscillations, and economic factors that may influence the overall performance of the Fund.

Key Points**Balanced Approach:**

The fund adopts a measured and balanced approach to risk, recognizing the importance of safeguarding investor capital while actively seeking opportunities for moderate returns.

Risk Mitigation Strategies:

Rigorous risk mitigation strategies are implemented to navigate challenges inherent to real estate investments, market dynamics, and the broader economic landscape. These strategies are designed to minimize the impact of potential adverse events.

Continuous Monitoring:

A proactive and vigilant approach to risk management involves continuous monitoring of real estate market trends and economic indicators. This ensures that the Fund remains adaptive to evolving conditions, enabling swift responses to mitigate potential risks.

Investor Safeguarding:

The Fund is committed to prioritizing the protection of investor capital through comprehensive risk management practices. This commitment underscores the Fund's dedication to maintaining a stable and resilient investment environment.

Transparent Communication:

Transparent communication regarding potential risks associated with real estate investments is paramount. Investors are kept informed about the risk landscape, fostering a sense of confidence and trust in the Fund's risk management processes.

By adhering to this low-to-moderate risk indicator and implementing a comprehensive risk management strategy, the Fund endeavours to provide investors with a balanced and secure investment platform while aiming for consistent and sustainable returns.

Communication

Transparent and effective communication is a cornerstone of the Fund. The Fund recognizes the importance of keeping investors informed and engaged throughout their investment journey. This section outlines the communication practices that underpin our commitment to clarity and responsiveness:

Communications of Changes by the Investor:

In the case of requests for communication and/or changes (e.g., reinvestment of any profits, periodic additional contributions, extraordinary contributions, payments, interruptions, etc.), the Investor is required to send written communication with a notice period of 30 days.

Regular Updates:

Investors can expect regular updates, including periodic reports and commentaries on the fund's performance, market insights, and any pertinent developments. These updates aim to provide a comprehensive overview of the fund's activities and performance.

Investor Relations Team:

An investor relations team is available to address inquiries, provide assistance, and offer personalized support. Investors are encouraged to reach out to this team for any clarification or guidance they may require.

Timely Notifications:

In the event of significant developments or changes affecting the fund, timely notifications will be communicated to investors. This ensures that investors are promptly informed of any material updates that may impact their investment decisions.

Feedback Mechanism:

The fund values investor feedback. A designated channel for receiving and addressing investor feedback will be established to foster a collaborative and responsive relationship.

By implementing these communication practices, the Fund aims to cultivate a transparent and interactive relationship with its investors, fostering trust and confidence in the management of their investments.

Performance and Track Record

As a recently launched fund, the Fund does not have a traditional historical performance record. However, it's important to note that the fund manager brings valuable experience and a positive track record from both personal trading endeavours and professional achievements.

While the Fund is a newly established fund and lacks historical performance data, it is essential to note that INCOME Capital Management s.r.o. overseeing its operations brings a wealth of experience and a proven track record in managing other funds with consistent and robust results.

New Fund Dynamics:

As a newly created fund, the Fund is in its initial phase of operations, and historical performance data specific to this fund is not yet available.

Seasoned Management Company:

The Fund benefits from the expertise of a seasoned INCOME Capital Management s.r.o.. This entity has a track record of effectively managing other funds, showcasing a history of solid performance applicable to diverse investment strategies.

Strategic Approach:

INCOME Capital Management s.r.o. employs a strategic and adaptive approach to fund management, leveraging its experience and insights to make informed investment decisions and capitalize on market opportunities.

Commitment to Investor Value:

INCOME Capital Management s.r.o. is committed to delivering value to investors is evident in its established funds, where performance and results align with the expectations of investors seeking consistent returns and prudent risk management.

While the Fund itself is in its nascent stage, the solid investment knowledge of the INCOME Capital Management s.r.o. instil confidence in the Fund's potential to achieve success and contribute positively to investors' portfolios. Prospective investors are encouraged to consider the broader expertise and results delivered by the INCOME Capital Management s.r.o. in evaluating the overall strength and potential of the Fund.

Minimum Investment

The Fund welcomes investors with varying financial capacities by establishing a minimum investment requirement to be recognized as Qualified Investors. This section outlines the details regarding the minimum amount necessary for participation in the fund.

Qualified Investors:

In adherence to regulatory definitions and in accordance with applicable securities laws, individuals or entities classified as Qualified Investors are required to satisfy a specific minimum investment threshold of €50,000. There are no restrictions on the number of Qualified Investors who express an interest in investing in the Fund.

Non-Qualified Investors:

In contrast to Qualified Investors, Non-Qualified Investors do not meet the minimum investment requirement of €50,000 and unfortunately, the Fund cannot accept this type of investors.

The maximum number of investors for this Fund is set at 50

Compliance Checks

Compliance Verification Process: The compliance checks play a crucial role in the comprehensive onboarding procedure and are in strict accordance with established regulatory standards. The fund places significant importance on gaining and maintaining the trust and confidence of its investors, demonstrating an unwavering commitment to upholding the highest standards of integrity and compliance. Through these meticulous compliance checks, the fund not only ensures adherence to regulatory requirements but also fosters a transparent and trustworthy relationship with its valued investors.

KYC (Know Your Customer): The KYC process involves the collection and verification of customer information to ensure compliance with regulatory standards. This process helps establish the identity of the investor, assess their risk profile, and maintain the integrity of the investment platform.

AML (Anti-Money Laundering): AML compliance checks are designed to detect and prevent activities related to money laundering and other financial crimes. These checks involve the monitoring of financial transactions and the implementation of measures to safeguard against illicit activities within the fund.

PEP (Politically Exposed Person): The compliance process for PEP is a set of procedures and due diligence measures implemented by financial institutions and other regulated entities to identify, assess, and manage the risks associated with individuals who hold or have held prominent public positions.

Indicative Potential Return: 5-10% yearly

Anticipated returns are estimated between 5-10% annually, reflecting the income generated from rental properties as well as potential capital appreciation.

Anticipated Returns and Investment Dynamics

The expected returns for investors in the Fund are strategically estimated to fall within the range of 5-10% annually. This projection encompasses a multifaceted approach, incorporating both the income generated from rental properties and the potential for capital appreciation, creating a comprehensive investment landscape for participants.

Key Components of Anticipated Returns

Rental Income Contribution:

A significant portion of the anticipated returns is derived from the income generated by rental of properties to provide a steady and reliable stream of rental income, contributing to the overall financial performance of the fund.

Capital Appreciation Potential:

The estimated returns also take into account the potential for capital appreciation within the real estate market. The fund is positioned to benefit from the appreciation of property values over time, leveraging market trends, strategic property management, and value-add initiatives to enhance the overall value of the portfolio.

Investor Value Proposition:

The estimated 5-10% annual returns serve as a compelling value proposition for investors seeking a combination of income and growth. This projection aligns with the Fund's commitment to providing investors with a competitive and attractive investment opportunity within the real estate sector.

While these returns are anticipatory and subject to market dynamics, the Fund aims to deliver a robust performance that aligns with investor expectations, offering a balanced combination of steady rental income and the potential for capital appreciation in the ever-evolving real estate landscape. Investors are encouraged to consider these factors in evaluating the attractiveness of the Fund as a strategic component of their investment portfolio.

Duration and Lock-in Period

Investors commit to a minimum investment duration period of 60 months, during which their capital is locked-in. An early termination fee can be applicable according to the outlined schema in the Costs and Fees section.

Sale Option

Investors in the Fund can leverage a sales option after 12 months from the initial term, providing flexibility to sell fund participation, in total or for a part of it. The sale option offers investors a pathway to access liquidity from their fund participation, supporting their evolving financial needs. The process is transparent, with clear guidelines, ensuring a straightforward approach aligned with regulatory requirements.

The sales option, introduced after 12 months, underscores the Fund's commitment to investor empowerment, providing flexibility to adapt investment strategies based on evolving financial circumstances. Investors are encouraged to review detailed terms before considering the redemption option.

Profits and Additional Contributions

Throughout the duration period of 60 months, any accrued profit, if applicable, might be distributed to investors on a yearly basis.

Investors benefit from the flexibility to optimize their investment through the reinvestment of eventual profit(s) or by additional contributions, allowing for the incremental growth of their existing investment. Should an investor opt for profit(s) reinvestment or for additional contributions, it is important to note that the minimum amount to be invested is 50.000€ and the term of the investment is reset, with the new term fixed at 60 months. This feature not only provides investors with the opportunity to compound their returns but also introduces a strategic element by resetting the investment term. By exercising this option, investors can actively manage the duration of their investments, aligning with their evolving financial goals and preferences.

Recognizing the dynamic nature of financial planning, the fund actively encourages investors to conduct regular reviews of their investment goals and contributions. This proactive approach ensures that investors can align their investment strategy with evolving financial objectives, fostering a strategic and adaptable investment experience.

Costs and Fees

The Fund is committed to providing investors with a transparent and cost-effective investment experience. As part of this commitment, the fund has adopted a policy of zero entry fees. This means that investors will not incur any charges when making an initial investment in the fund.

While the fund does not impose an entry fee, it is important to note that investors will be charged with KYC PEP, and AML compliance checks and other possible fees as described in this document. These checks are essential components of the onboarding process and are in accordance with regulatory requirements.

Zero Entry and Management Fees: The decision to eliminate the entry fee is aimed at facilitating accessibility for investors, ensuring that the cost of entry does not act as a barrier to participation. By waiving the entry fee, the fund seeks to provide a more inclusive investment opportunity for a diverse range of investors.

Performance Fee: The fund incorporates a performance fee mechanism designed to apply exclusively to the net profits, ensuring that fees are levied solely on realized gains. This performance fee is variable and is contingent upon the specific Investment Level chosen by the investor. The expected and indicative percentage of the Performance Fee is 30%. Anyway, the Fund may vary this percentage, up or down, without any preventive indication to the Investors. By structuring the fee in this manner, investors are assured that charges are directly linked to the fund's successful performance, aligning the fund's interests with those of its investors. The variable nature of the performance fee further tailors the investment experience, providing a nuanced fee structure that reflects the specific risk and return profile associated with each Investment Level. To avoid any misunderstanding, the Performance fee is not taken "on-top" of the hypothetical Investor's profits and the Expected Year Profit Range indicated in the Investment Strategy are to be considered as net for the Investor;

Compliance Checks (KYC, PEP, KYC): Fees related to Compliance Checks will be directly borne by the investors during the onboarding process. The charges for the Compliance Checks are 50€ and may vary based on several factors, including the investor's nationality, residence, and status.

Withdrawal Cost: In the event that the Investor chooses to withdraw their profits, a fixed cost of €5 shall be automatically deducted by the Fund during the payment process. To clarify, if the Investor requests a profits payment of €500, he/she will receive €495 after the deduction of the fixed cost.

The Fund retains the prerogative to add, amend, modify, or alter any of the Costs and Fees, including but not limited to the Early Termination Fees, at its own discretion. This flexibility enables the Fund to adapt its policies in response to changing market conditions, regulatory requirements, or other pertinent factors. Investors will be duly informed of any such changes to ensure transparency and maintain a clear understanding of the terms associated with early termination.

Documents for Consideration:

Prospective investors are strongly encouraged to thoroughly examine the comprehensive offering memorandum, prospectus, and related documentation prior to making any investment decisions. Within these documents, a wealth of detailed information is provided, encompassing the fund's intricate investment strategy, potential risk factors, associated fees, and other crucial considerations. Such a thorough review equips investors with the necessary insights to make informed decisions aligned with their financial goals and risk tolerance.

Disclaimer:

This document is intended solely for informational purposes and does not constitute an offer or solicitation to buy or sell any securities. It is crucial to recognize that all investments carry inherent risks, and historical performance does not guarantee future results. Therefore, prior to making any investment decisions, it is highly recommended that investors seek independent financial advice. This prudent approach ensures that investors receive tailored guidance considering their unique financial circumstances, objectives, and risk tolerance.

The Investor agrees that all information he/she has become aware, directly or indirectly, including any potential Partners or third parties (including Provider's Services and Products) is provided by the respective parties in a completely autonomous and independent manner without the Fund having, except where expressly indicated, any role in this regard. To dispel any doubts, the Fund does not guarantee profits and indicated that the capital loss is a possibility; if anyone, based on their own experience, makes such findings, they represent totally personal events that are not endorsed by the Fund.

The Investor is aware that investments of certain types and amounts may be facilitated through INCOME Ltd., located at 27 Old Gloucester Street, WC1N 3AX, London, United Kingdom, which may function as an "Investment Vehicle" or "Trust". With this in mind, the Investor undertakes to indemnify and hold harmless the Fund, its officers, directors, and employees from any losses (including legal expenses) arising from any conflicts of interest known to them and not brought to our attention.