

Quarterly Report

For the period ended December 31, 2024

KFHC

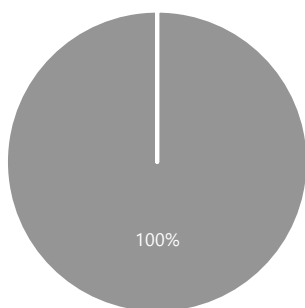
U.S. REAL ESTATE FUND I
صندوق بيتك كابيتال يو إس العقاري

Fund Facts

Fund Structure	Closed-ended
Asset Class	Real Estate
Asset Type	Residential & Commercial
Inception	June 2017
Currency	U.S. dollar
Fund Manager	KFHC Investment Advisory I Ltd.
Offering Price	U.S.\$ 1,000 per Investment Unit
Total Fund Size	U.S.\$ 71,278,500
Domicile	Cayman Islands
Net Asset Value (NAV)	U.S.\$ 636 per Investment Unit

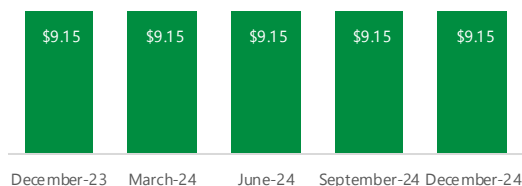
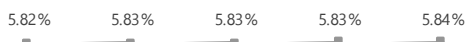
Underlying Assets

- Two River Front (Panasonic) - Office Building



Distributions (per unit)

	Dividends	Return of Capital
Current Quarter	\$ 9.15	-
Year to Date	\$ 36.60	-
Since Inception	\$ 371.10	\$ 390.00



Year-to-date dividend yield	6.00%
Year-to-date dividend yield (annualized)*	6.00%
Cumulative Dividends Since Inception**	37.10%
Capital Returned Since Inception**	39.00%
Absolute Return	39.68%

* Calculated on the basis of average carrying value (post redemption)

** Calculated on the basis of initial capital

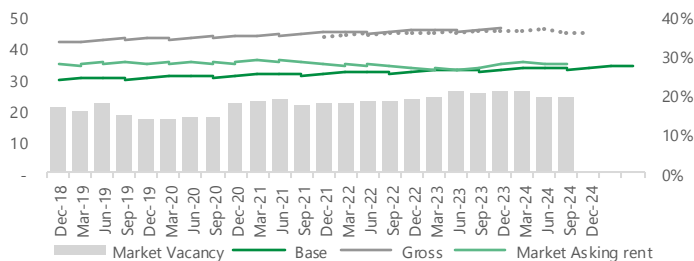
Mosaic at Miramar Town Center Property

- The sale of the Mosaic property was completed in December 2020.

Two Riverfront Property

- Office demand was negative in Q4 but appears to be firming up. Net absorption had its best quarter since the Federal Reserve began raising interest rates and was positive for nearly half of the primary U.S. markets. Vacancy increased by 20 bps quarter over quarter, but that was the lowest increase in two and a half years.
- Tenant demand is heavily weighted in high quality, top-tier office space. However, the construction pipeline shrank below 30 million SF with occupiers finding fewer options in new buildings and are looking at the next level down the quality spectrum. Accordingly, Q4 2024 was the most stable for non-trophy Class A demand since the onset of the pandemic.
- A shrinking sublease market is historically a leading indicator of a peak in overall vacancy and a market tightening. This is often driven by increased optimism among occupiers, prompting them to either pull space off the sublease market or take on others' subleased space themselves. There is optimism in seeing the national sublease availabilities decline again in Q4. Currently, there is 142.2M SF of available sublease space, which is down 2.6% quarter-over-quarter, which is 3.8% below the most recent peak of 147.9M SF in Q1 2024
- Sublease availabilities have declined quarter-over-quarter and year-over-year in over half of U.S. markets. On an absolute basis, the largest declines have been in and around two gateway markets—New York and San Francisco, which bodes well for upcoming demand recoveries in the largest U.S. cities.
- Northern New Jersey's economy/job market showed modest improvement in Q4, with the unemployment rate dipping by 10 bps year-over-year to 4.7%. Overall employment in the region held steady at approximately 1.7 million jobs, underscoring resilience in the broader labor market. Across the state, the unemployment rate remained stable throughout the year, fluctuating slightly between 4.6% and 4.8%, before closing November at 4.6%—a reflection of a relatively balanced economic environment. Office-using employment in New Jersey declined by 2.0% over the past year. The information sector recorded the steepest losses, down 9.2% YOY, followed by a 3.3% decline in the real estate rental and leasing sector.
- Northern New Jersey's office market showed notable improvement in the second half of 2024, shaking off a slow start to the year. New leasing activity rose 32.9% in the latter half compared to the first, with fourth quarter leasing reaching 1.2 M SF - 11.4% above the three-year quarterly average. By year's end, new leases totaled 4.3M SF, reflecting a rebound in tenant demand.

Source: Cushman & Wakefield



Disclaimer: The "Fund" does not constitute a separate legal entity, but rather is used only as a reference to the overall corporate structure for investment for the four constituent Cayman Islands companies. The net asset value (NAV) of the Fund set forth herein has been determined based, in part, on third party valuations of the property investments of the Fund, which is subject to change over time and may not reflect the value which would be achieved in a sale of such assets now or in the future. Additionally, any potential tax liability that is reflected in the NAV is an internal estimate of such liability without reliance on any third-party tax opinion, which estimate is subject to change over time including at the time of the actual sale of any property investment(s). Certain of the matters discussed in this Quarterly Report about the Fund's future performance, including, without limitation, future revenues, earnings, dividends, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements." Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. When used herein, the words "anticipate," "estimate," "believe," "expect," "should," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements.