

MALDIVES FUND MANAGEMENT CORPORATION

KEY HIGHLIGHTS

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INTRODUCTION

Maldives Fund Management Corporation (MFMC) is a 100% state-owned company established in 2019 by a Presidential decree, with a mandate of fulfilling national development goals through increased private sector investment and addressing limitations in the local financial system such as the financial gaps in the market, high cost of finance and difficulty in accessibility.

Furthermore, the government has entrusted MFMC with the pivotal responsibility of transforming key strategic assets into financially viable projects and creating value from these national assets.

This strategic initiative is designed not only to stimulate economic growth within the country but also to enhance overall social welfare. In essence, MFMC serves as a critical instrument in aligning public and private resources to catalyze sustainable economic development and fortify the economic infrastructure of the Maldives.

The company seeks to support sustainable economic transformation via Innovative capital market solutions catering to the financing needs of the Maldivian economy, while embracing social and environmental responsibilities.

The company has initiated the launch of 3 key investment funds across important sectors of the country, namely tourism, infrastructure and renewable energy, and investments to date by the company are expected to be structured within these 3 broad funds over the medium-term. Other major strategic undertakings of the company to date includes setting up its subsidiary, Agro National Corporation, to assist in developing the agricultural sector in the country and setting up Ocean Connect Maldives to establish the first direct fiber optic subsea cable connection to the Maldives. Moreover, MFMC is entrusted with the pioneering of state-led tourism real estate project in Maldives which comprises of the first-ever private islands to be developed in the country.



MFMC MANDATE

The mandate of MFMC has been established by the Presidential Decree 3/2019, with overall responsibilities of enhancing national wealth via strategic investments which generate sustainable revenue while mitigating associated risks. Further, the corporation will assist domestic and overseas investors seeking to invest in the strategic sectors of Maldives via accessible and cost-effective mechanisms which will allow them to diversify spread investment risk and invest in diversified segments of the economy. MFMC has therefore worked on the groundwork required to facilitate both domestic and overseas investment fund structures for prospective investors and has developed in-house capacity required to market and manage investments as per local regulatory framework and requirements of major international jurisdictions.

As such, since the establishment of MFMC in 2019 the company has worked towards the establishment of a fund, liaising with relevant stakeholders, and seeking required assistance from external parties. Despite initial plans to provide initial equity for the planned Tourism Development Fund and other proposed investments, this proved to be difficult following the Covid-19 pandemic which constrained public finances. As an alternative, MFMC was entrusted with development of several valuable strategic greenfield assets which is expected to allow the company to generate revenue which can be further used to fund a pipeline of similar projects with high risk-adjusted return potential.

This marked a pivotal shift in the Government's strategy for the company, requiring the company to hold ownership interests in assets on behalf of the Government, as opposed to purely acting as an asset manager.

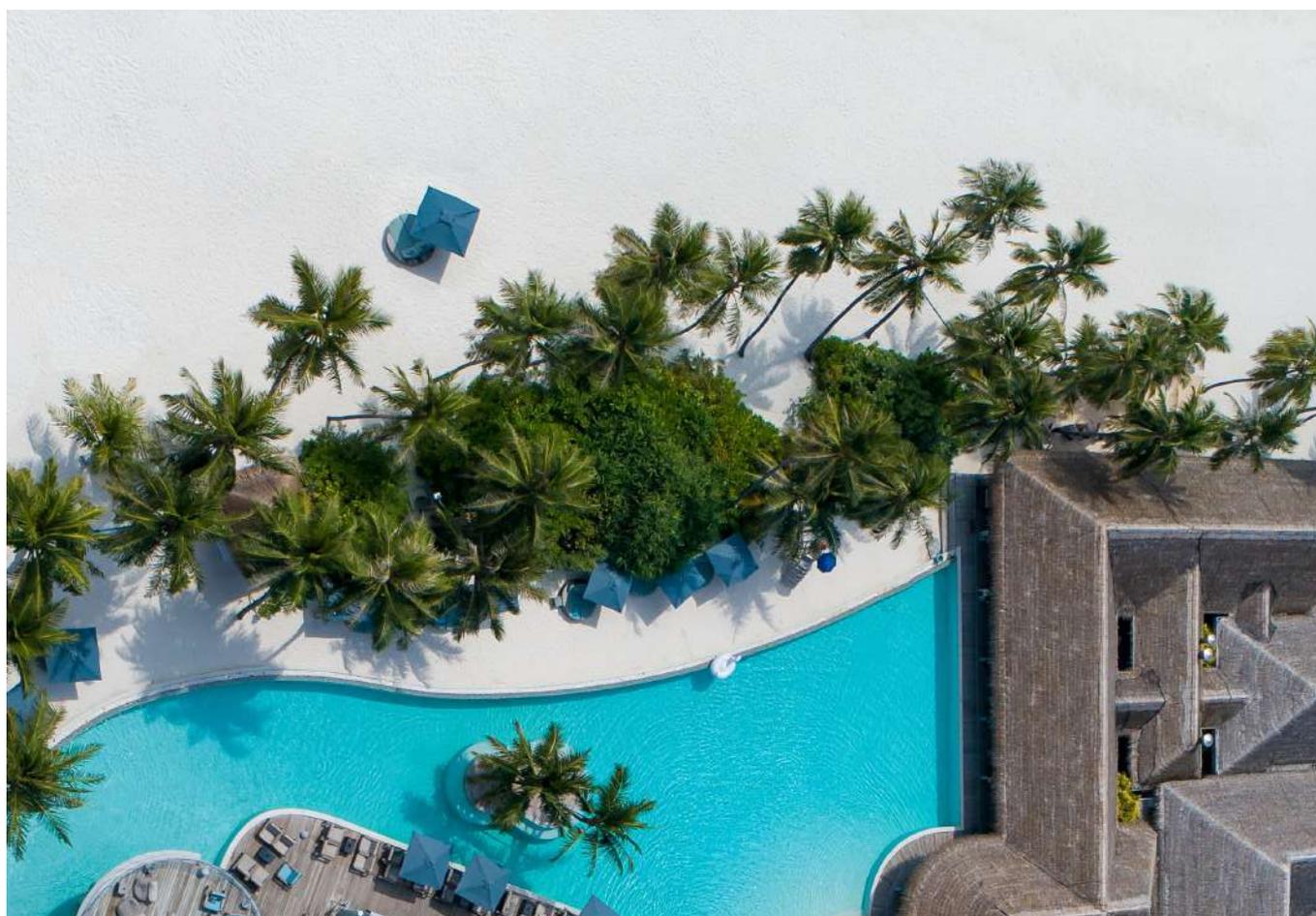
Hence, the company explored and identified several potential opportunities for development of assets which strategically aligned with the Government's goals for economic growth and the company's mandate of facilitating financing for investments in multiple sectors.

The currently identified pipeline of projects are set to create value over the medium-term, and development has been phased out to align with Government's equity contributions in addition to in-kind transfer of assets (for example: the cross-subsidy mechanism has facilitated funding for the Giraavaru development project), and cash-flows generated from developed assets. Over the medium-term, the company expects revenue streams from assets beyond repayment of debt to be channeled towards funding sponsor commitment or 'own skin-in-the-game' for other assets, leading to cumulation of multiple assets across sub asset classes such as hospitality properties, and residential real estate.

The company expects to build a sizeable portfolio of high-value assets over the medium-term, with debt levels expected to stabilize, and the main investment funds achieving optimum debt-to-equity levels which enable the company to be financially self-sustainable without the need for government borrowing. As per the current trajectory and efforts to establish in-house capacity, the company expects to operate as a professional asset manager focused in managing alternative investments such as private equity, private debt, real estate, and infrastructure, while also holding Government's ownership in strategic funds that can invest in commercial basis to support economic activity, critical infrastructure and various development objectives.

MFMC ASSETS

Project Assets	Asset Value USD	Asset Value MVR
Giraavaru Dredging, Reclamation & Shore protection Project	300,000,000	4,626,000,000
Hankede Integrated Tourism Development Project	9,869,076	152,181,148
Gaafaru Integrated Tourism Development Project	94,900,000	1,463,358,000
Dhiyaneru Safari Harbor Development Project	3,080,127	47,495,558
Investment in Subsidiaries		
AgroNational Corporation	6,828,794	105,300,000
Ocean Connect Maldives	7,466,913	115,139,800



MAJOR ACHIEVEMENTS

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INTERNATIONAL FUND REGISTRATION

- Domiciled an investment fund in an international financial center to facilitate investments by foreign institutional investors and High-Net-Worth-Individuals (HNWIs) into the country.

K. GAAFARU INTEGRATED TOURISM DEVELOPMENT PROJECT

- This state-initiated tourism real estate project aims to develop one of the most iconic and luxurious tourism destinations in the region. Its key innovation comes from 14 exclusive private islands that will be reclaimed from carefully selected areas of the lagoon which, for the first time ever in the Maldives, will be available for private purchase as real estate properties. Further developments in the lagoon include a 2 five-star luxury resorts located. Additionally, the project involves the extension of Gaafaru island for the locals through reclamation.
- The masterplan of the project was developed by Foster+Partners, one of the leading global architectural firms. The vision for Gaafaru Atoll was to propose a Masterplan that will be resilient to future challenges as the first net zero project in Maldives, providing opportunities for ecological protection and enhancement, social integration, and authentic experiences within Gaafaru atoll.
- MFMC has concluded the Environmental Impact Assessment (EIA) for the project and is in the process of finalizing the Information Memorandum (IM) and other investment marketing documents required to seek investments from potential anchor investors. The commencement of the project is scheduled for the initial quarter of 2024.



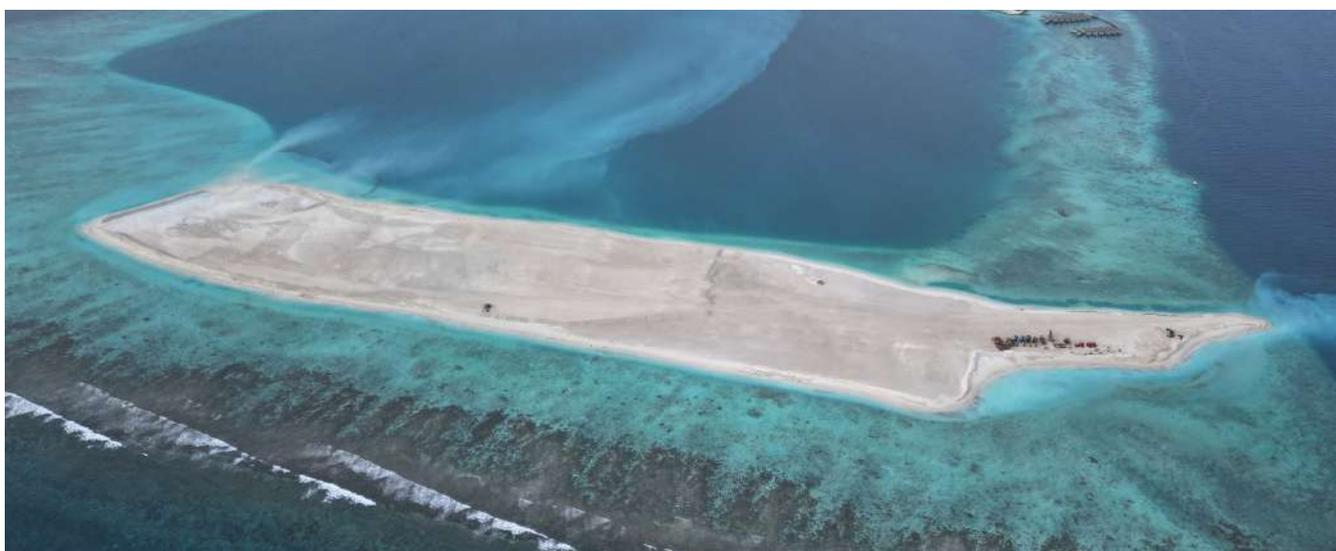
ADDU CITY HANKEDE INTEGRATED TOURISM DEVELOPMENT PROJECT

- Hankede Integrated Tourism Development Project is the first of its kind state initiated integrated tourism development project in Maldives assigned to MFMC under the presidential decree towards the end of 2021. Located in the City of Addu, the resulting integrated tourism zone will be one of the first developments following changes to the Tourism Act and legislations and will bring a brand-new dynamic to the Maldivian tourism sector. This project aims to provide a variety of facilities and activities in one place to activate tourism in the southernmost area of Maldives. This integrated project of Hankede will involve the development of a wide range of tourism products such as grand and deluxe hotels, over water villas and guest houses.
- The project involves the development of luxury apartments and beach villas as real estate products available for private purchase. The conceptual masterplan for the project has been completed by the local architectural firm, Spaces Inc. Their masterplan focuses on designing a concept that enhances cohesiveness and intermingling within the zone while giving attention to maintain and promote authenticity of the island.
- MFMC has signed the EPC+F agreement with an international vendor for the project construction works in 2023 and has completed the reclamation work for the project. In addition to this, the work for reclamation and shore protection has also been completed and currently MFMC is in the process of finalizing the detailed design of the project to begin mobilizing of the project and negotiations are taking place to secure a line of debt finance for the project.



K. GIRAAVARU LAGOON RECLAMATION PROJECT

- As master developer of the Giraavaru residential city, MFMC has been granted land title rights, and this project is aimed at addressing the escalating social housing issues in the greater Male' region. The project entails reclaiming approximately 169 hectares of land in K. Giraavaru lagoon, intended for the development of a residential city capable of accommodating a population of 60,000. Beyond residential areas, the Giraavaru land use plan designates specific zones for business establishments, recreational facilities, and administrative offices, contributing to elevated economic growth and improved social standards within the greater Male' population.
- The land usage plan of the lagoon has been completed and land reclamation is in progress to fortify the coastline and establish essential infrastructure such as utilities and a road network before residents relocate to the proposed city.



K. DHIYANERU FALHU 2 SAFARI HARBOUR DEVELOPMENT PROJECT

- The project involves the development of a dedicated safari harbor in the lagoon for docking of vessels in the greater Male' region with the objective of reducing congestion in the Hulhumale' lagoon. The safari harbor development in K. Dhiyaneru Falhu 2 will provide a safe berthing and mooring facility for safari vessels operating in the Maldives along with their tender vessels, as well as other vessels in the region, such as supply boats, speedboats, and fishing vessels.
- The harbor is expected to be able to serve all currently operating safari vessels and more along with their tender vessels with a combination of floating docks and trot mooring. In addition to this, the project will provide the opportunity for Maldives to become a major yachting destination. The development will also include harbor protection with wave attenuators, and support infrastructure for ancillary services

- MFMC began the preliminary research and assessment works related to K.Dhiyaneru lagoon 2 development project during 2021 and a joint venture agreement has been signed between MFMC and Urbanco in the year 2023 to develop the Safari Harbor together with other ancillary facilities to support this development. Currently MFMC is involved with an experienced international marine company that specializes in designing, engineering, and managing the building of Superyacht Marinas.

EU PROJECT

- "EU Support for a Resilient Recovery of SME Tourism Industry in the Maldives" was launched in 2021 with the help of the European Union (EU) to create a more resilient and a diversified economy in the Maldives.
- The EU provided EUR 2 million as a grant aid for tourism sector MSMEs to recover from covid-19 crisis. From the total funding, EUR 1,400,000 for a direct transfer component while EUR 600,000 was allocated towards technical assistance which will be directed to training programs for beneficiaries aimed at high impact areas such as improving business operations, financial management, sustainable waste management and creating access to international markets.
- The development of a national Online Travel Agency (OTA) is also being carried out under this project to create a platform for local tourist establishments, especially tourism SMEs to sell their products at a much lower cost compared to global OTAs.
- MFMC has disbursed over MVR 14.9 million to 332 guesthouses and 65 safari vessels across Maldives. These beneficiaries are distributed across 72 islands in 21 atolls and the objective of providing grant aid to the guesthouses and safari vessels is to support their recovery efforts from the COVID-19 pandemic.
- Training programs have also been conducted in 8 islands for guesthouses operators and staff.
- A total of 55 guesthouse operators participated in the training programs.





ONGOING PROGRAMS

SME IMPACT FUND ESTABLISHMENT



The SME Impact Fund is strategically oriented to allocate investments into small and medium-sized enterprises (SMEs) with the overarching objective of augmenting the positive socio-economic ripple effect within society.

This fund is meticulously designed to not only provide financial support to SMEs but also to catalyze broader and lasting impacts, fostering economic growth, employment generation, and community development. By directing resources toward these enterprises, the fund seeks to contribute significantly to the overall betterment of the societal fabric, acknowledging the pivotal role that SMEs play in driving inclusive and sustainable economic progress. The fund invests across three pivotal strategic investment channels: SME Development, SME Infrastructure, and Halal Tourism.

These avenues have been discerningly chosen in response to an astute analysis of existing market gaps and the discerned needs of the SME sector. The fund strategically aligns with these sectors to address specific industry requirements, ther-

-eby maximizing its impact on economic growth, fostering infrastructure development, and catering to the burgeoning demand in the Halal tourism segment. This approach reflects a judicious and market-responsive investment strategy aimed at optimizing the fund's efficacy and relevance within the current economic landscape.

The Islamic Development Bank (IsDB) has accepted to extend a USD 40 million line of finance in collaboration with the Maldivian government's contribution for the establishment of the fund. Currently, efforts are underway to conclude the agreement and advance towards the formal establishment of the fund. This collaboration signifies a significant financial commitment and a cooperative initiative between IsDB and the Maldivian government, demonstrating a mutual dedication to the successful implementation of the fund.

A Memorandum of Understanding has been signed between MFMC and IsDB for the establishment of the SME Impact Fund.

MALDIVES TOURISM DEVELOPMENT FUND ESTABLISHMENT



The Maldives Tourism Development Fund (MTDF) is poised to initiate a series of strategic projects within the tourism industry, driven by the overarching goal of diversifying the sector and augmenting tourist arrivals in the country.

To facilitate the implementation of these projects, the fund is set to explore a multifaceted approach, actively seeking equity and debt investments from both the local and international markets. Recognizing the pivotal role of tourism in propelling the Maldivian economy, mitigating the funding gap in the local market becomes imperative for the sustainable development of tourism projects.

Therefore, the establishment of MTDF represents a concerted effort by the Maldives Fund Management Corporation (MFMC) to streamline the financing process, making it more accessible for private sector tourism initiatives and enabling strategic investments that contribute to the sector's diversification.

As the tourism landscape evolves, the MTDF's strategic financing approach aligns with the dynamic needs of the industry, facilitating a more inclusive and expansive investment framework.

By engaging both local and international sources, the fund aims to tap into a diverse pool of capital, ensuring that the financial requirements of tourism projects are met comprehensively. In doing so, the MTDF not only addresses the immediate funding challenges but also positions itself as a catalyst for sustainable growth in the Maldivian tourism sector. This approach reflects a forward-looking strategy by MFMC to fortify the economic foundations of the nation, leveraging the tourism industry's potential for broader economic diversification.

In essence, the establishment of the Maldives Tourism Development Fund serves as a strategic imperative to enhance the financial ecosystem supporting the tourism sector. By bridging the funding gap, the MTDF facilitates an environment conducive to innovation and growth within the industry, thereby contributing to the overarching economic goals of the Maldives.

Through prudent investments and collaboration with local and international stakeholders, MFMC endeavors to shape a resilient and diversified future for the Maldivian tourism landscape.

MALDIVES INFRASTRUCTURE INVESTMENT FUND ESTABLISHMENT

The Maldives Infrastructure Investment Fund (MIIF) is poised to introduce several sub-funds dedicated to infrastructure, boasting a collective Assets Under Management (AUM) ranging from USD 100 million to USD 250 million. These funds will strategically deploy direct equity investments and structured debt injections into diverse infrastructure projects spanning sectors such as transport, road networks, urban infrastructure, water and sewerage, waste management, power (generation, transmission, and distribution), fuel storage and supply, as well as natural resources.

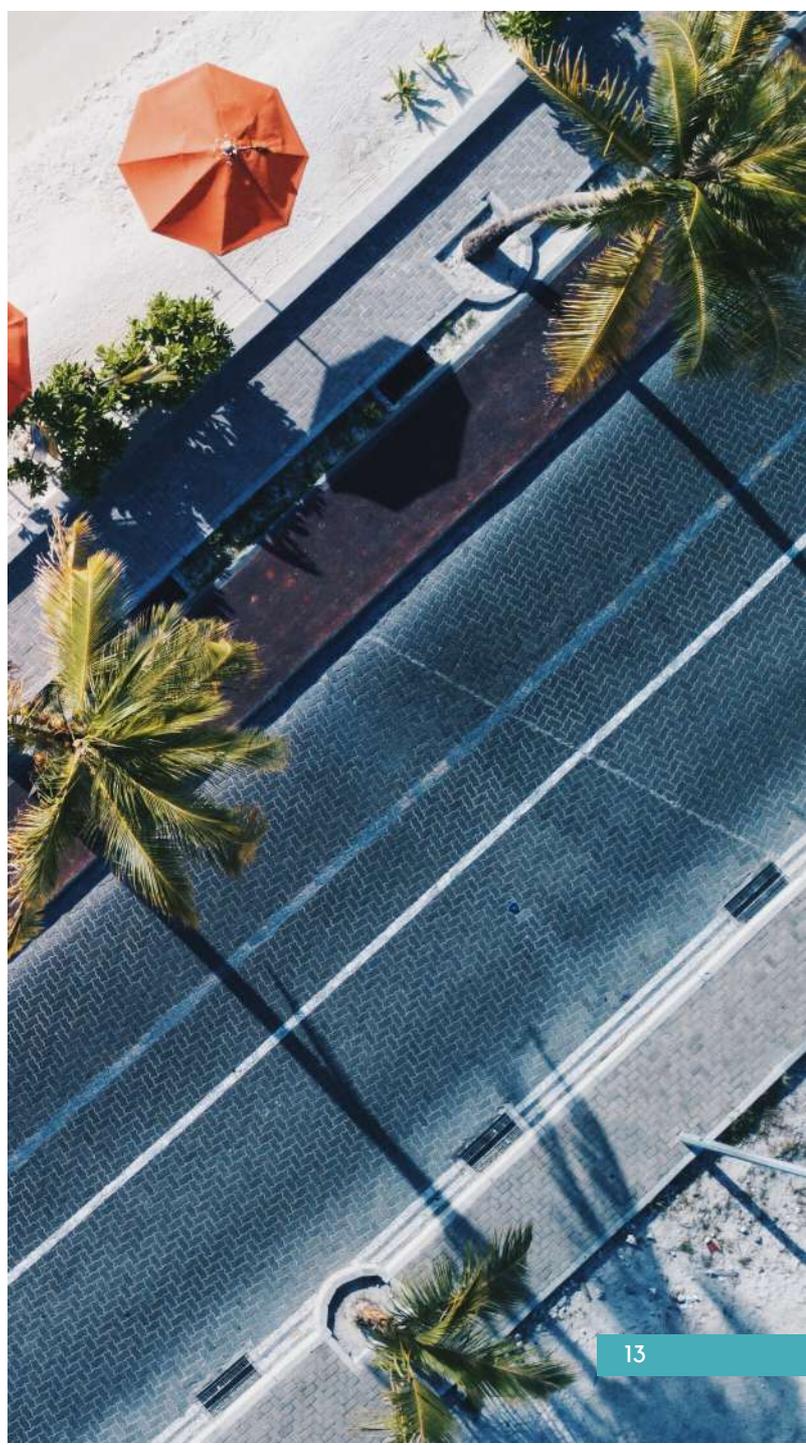
Specifically designed to support private sector initiatives, the fund aims to contribute to the establishment of new infrastructure and the enhancement of existing facilities, particularly focusing on projects with assured long-term revenues or entrenched within regulatory frameworks

Currently, the Maldives Fund Management Corporation (MFMC) is diligently navigating the regulatory landscape to register the Maldives Infrastructure Fund, ensuring compliance with all requisite measures. Post the completion of formalities, the fund will embark on a comprehensive evaluation process to identify lucrative investment opportunities aligned with the Investment Policy Statement.

In addition to seeking equity and/or debt investments, the fund envisions collaborative partnerships with infrastructure service providers, leading EPC contractors, expert engineers, and proprietors of cutting-edge technologies. As the fully government-owned General Partner, MFMC assumes the associated risks by directly financing projects and providing structured debt facilities, particularly targeting financial institutions willing to support micro, small, and medium enterprises engaged in infrastructure endeavors.

Furthermore, the fund is committed to incorporating Environmental, Social, Governance (ESG) considerations into its investment decision-making framework and will implement a project management team to oversee the availability of a Technical Assistance Facility.

As the fund manager, MFMC will announce a call for expressions of interest from the private sector, further underlining its commitment to fostering sustainable infrastructure development in the Maldives.



MALDIVES RENEWABLE ENERGY FUND ESTABLISHMENT

In the current landscape of swift global development, the imperative for sustainability cannot be overstated. As societies progress, it is crucial to anchor this advancement in practices that prioritize the conservation and augmentation of our finite resources.

The utilization of sustainable operations stands as a linchpin in achieving this goal, and renewable energy emerges as a pivotal force in fostering growth while ensuring the efficient utilization of resources.

Given the unique vulnerability of the Maldives, the lowest-lying country on Earth, to the far-reaching impacts of global environmental degradation, the necessity to augment the share of renewable energy in the nation's energy consumption has become more pronounced than ever.

This underscores the critical role that the Maldives Renewable Energy Fund plays as a strategic vehicle poised to attract and channel sustainable investments, steering the country towards a future marked by environmental resilience and responsible development.

In alignment with global imperatives and acknowledging the specific environmental challenges faced by the Maldives, the establishment of the Maldives Renewable Energy Fund carries immense significance.

With an ambitious target to achieve carbon neutrality by 2030, the fund is strategically positioned to act as a catalyst for sustainable growth by attracting investments that will bolster the integration of renewable energy solutions.



Through this initiative, the Maldives seeks not only to mitigate environmental risks but also to chart a course toward a more sustainable and environmentally conscious future, setting a commendable example for other nations to emulate.

NETWORKING ACTIVITIES

Maldives Fund Management Corporation (MFMC) has proactively engaged in a strategic approach to enhance its outreach and investor relations by actively participating in a spectrum of networking events, including prominent investment forums.

This deliberate involvement serves the dual purpose of cultivating a robust investor base while concurrently disseminating comprehensive information about the ongoing and upcoming projects within the MFMC pipeline.

By aligning itself with these forums, MFMC is able to foster investor confidence, and promoting a favourable environment for prospective investments in the Maldives.

This initiative not only facilitates direct interaction with potential stakeholders but also positions MFMC as a proactive and communicative entity within the investment landscape.

These connections have enabled MFMC to earn a reputation as trusted partner for institutional investors and other providers of capital looking to invest in the Maldives.

OTHERS

SHRIMP HATCHERY

Some of the other initiatives that MFMC is currently engaged with includes the project formulation for a shrimp hatchery in the Maldives. A comprehensive feasibility study has been diligently conducted by MFMC with assistance from international mariculture experts to assess the viability and potential impact of establishing a shrimp hatchery within the country.

This initiative aligns with the broader vision of reducing the substantial dependence on imported shrimp, a move that not only bolsters domestic production capabilities but also significantly contributes to the nation's food security objectives.

By venturing into the establishment of a shrimp hatchery, MFMC aims to create a sustainable and localized source of this key seafood product, thus minimizing external reliance and fortifying the resilience of the Maldivian economy.



OUR SUBSIDIARIES

AGRO NATIONAL CORPORATION

Established on the 21 April 2020 as a subsidiary of MFMC with an overall mandate of developing agriculture as an economically rewarding industry in the Maldives as part of the Government's vision for 'Blue Economy' stipulated in the Strategic Action Plan (SAP) 2019 - 2023.

From its inception, the strategic intent of the corporation is aligned with the objectives stipulated in SAP. The strategic objectives of the corporation are as follows:

- Expand agriculture in Maldives:
- Establish mechanisms to ensure sales of agricultural produce from local farmers:
- Achieve Food Security as an economic objective:
- Reduce dependency on food imports:
- Increase employment and income generating opportunities to individuals from agriculture:
- Re-vamping agriculture with technology:



AgroNat's activities are focused on providing opportunities for farmers and develop the industry. Contract farming is one of the core approaches adopted by AgroNat. The main objective of the initiative is to facilitate farming across inhabited islands by enabling the required resources to farmers and to deliver quality local produce to markets at affordable rates.

A fixed term agreement is made with the farmer in which the farmer agrees to harvest the crops identified on a specified acres of land and to deliver the produce as per the agreement on a pre-agreed price. The minimum contract period set by the company is 2 years. Farmer must have a land, allocated to the farmer by council or an own land for the duration of the contract.

The company provides access to training, technical assistance, and starter pack (including irrigation material and tools, production material). Land preparation and seed plantation will be done as per the schedule provided by the company. In addition, the company assigns a coordinator for daily/weekly monitoring. Farmers are required to deliver the items to the coordinator, stationed on the island, who checks and accepts the items as per the AgroNat grading scale. The payment is generally completed within 5 working days of the date accepted.

AgroNat has divided the county into 5 regions, for administrative purposes. This enables more efficient management, targeted resource allocation, and streamlined coordination of agricultural initiatives across the diverse geographical areas. This strategic division ensures that AgroNat can effectively address region-specific challenges, optimize agricultural productivity, and enhance overall agricultural development in the country.

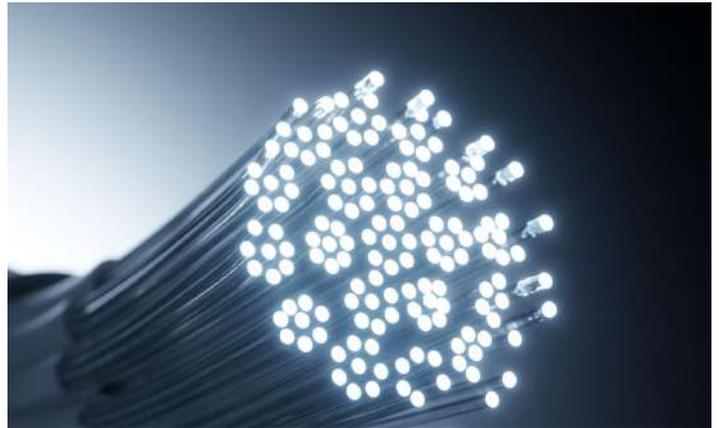
OCEAN CONNECT MALDIVES

Established on the 09 January 2022 as a subsidiary of MFMC, categorized as an ICT infrastructure and International Gateway Access Service Provider company to invest in physical and digital infrastructure, promote inclusive digital networks and services to help address the digital divide and drive the next stage of Maldives' growth. Investing on IAX cable system will be the cornerstone for OCM's "New Digital Economy of the Maldives" that envisions to create a fully connected Maldives without barriers for rapid digital transformation.

OCM, operating as an internet gateway provider, will primarily concentrate on delivering bandwidth to local ISPs and the government. In the provision of these services OCM is committed to implementing the following operational best practices:

- Efficient Management of Network Infrastructure
- Skilful Traffic Routing and Administration
- Vigilant Monitoring and Service Analysis
- Effective Bandwidth Oversight
- Strict Adherence to Compliance and Regulatory Obligations
- Accurate Billing and Accounting
- Seamless Network Upgrades and Technology Integration
- Thorough Risk Evaluation and Dedicated Customer Support.

The most notable achievement of OCM is the OCM-IAX submarine cable project, which was officially initiated in February 2022. To establish the cable's connection to the land, OCM collaborated with Urbanco to secure the necessary land for constructing the cable



landing station (CLS), beach manhole (BMH), and the required land route for the cable. This phase of the project was successfully completed within the scheduled timeframe, allowing the cable to be landed. Presently, the CLS is in the final stages of construction. The cable has already been connected to the BMH, and the terrestrial cable has been seamlessly joined with the submarine cable, extending its reach to the CLS. Additionally, to provide IP transit capacity, OCM has engaged in negotiations with multiple IPT vendors and secured competitive rates to facilitate IPT connectivity for the Maldives.

FUTURE OUTLOOK

OCM envisions grand aspirations and future ambitions to elevate itself into an internationally recognized company. However, achieving these goals necessitates both financial resources and unwavering commitment from our stakeholders. In OCM's initial business proposal during its formation, three major components were outlined. The first component is the ongoing Submarine cable project that the company is currently executing. The second involves the establishment of a Municipal network spanning the entire country, aimed at creating a high-speed data network connecting all the islands to enhance services across the region. The third project on the horizon is the development of a substantial Tier-4 data center, which would significantly expand OCM's presence in the region, positioning the company as a formidable player in hosting data and offering disaster recovery solutions to regional operators.

CHALLENGES

CHALLENGES

- In the aftermath of the COVID-19 pandemic, the global economic landscape has witnessed a paradigm shift in investor appetite. As uncertainties abounded and markets recalibrated in response to the crisis, investors reevaluated their preferences, risk tolerances, and strategic priorities. In this dynamic environment, designing projects that align with evolving investor requirements has become a multifaceted endeavor, necessitating comprehensive stakeholder engagement activities. The intricate process involves understanding and incorporating the nuanced expectations of investors, thereby ensuring the attractiveness and viability of proposed ventures.
- Against this backdrop, the Maldivian Fund Management Corporation (MFMC) finds itself strategically positioned as the Maldivian economy embarks on a recovery trajectory from the impacts of the COVID-19 pandemic. With tourist arrivals has reached pre-pandemic levels, the Maldives is reasserting its status as a prime destination. In response to this positive momentum, MFMC endeavors to leverage the resurgence of economic activities by actively seeking investments for its projects in the pipeline. The recovery phase presents a pivotal window of opportunity to align projects with the recalibrated investor interests, emphasizing the importance of astute engagement strategies to secure the necessary financial support for the envisaged initiatives.
- In conclusion, post-pandemic economic dynamics demand a proactive approach in tailoring projects to meet the discerning preferences of investors. The MFMC's pursuit of investments during the Maldivian economic recovery underscores the significance of strategic foresight and adept stakeholder engagement in navigating the evolving investment landscape. As the economy rebounds, the prudent alignment of projects with investor expectations becomes not only a strategic imperative but a catalyst for sustainable growth and development.

