



Section 14 | Portfolio Structuring, Allocation Models & Scenario Planning

A Strategic Framework for Cyprus Real Estate

Created and Presented by RE/MAX Smart Concept

14.1 Purpose of This Section

This section provides a framework for structuring Cyprus real estate exposure within a broader portfolio.

- Allocation logic
- Diversification principles
- Risk balancing
- Scenario-based decision making

Directory Principle:
Cyprus real estate should be allocated, not accumulated.

14.2 Role of Cyprus in a Multi-Country Portfolio

Cyprus typically serves as:

- ✓ A capital preservation component
- ✓ A lifestyle-linked asset class
- ✓ A EU-based diversification layer

It is not designed to replace:
High-yield markets or Speculative growth markets.

14.3 Portfolio Objectives (Define Before Allocation)

Before allocating capital, investors must define:

- ☐ Income vs growth priority
- ☐ Holding period (short / medium / long term)
- ☐ Liquidity needs
- ☐ Personal usage (if any)
- ☐ Tax residency implications

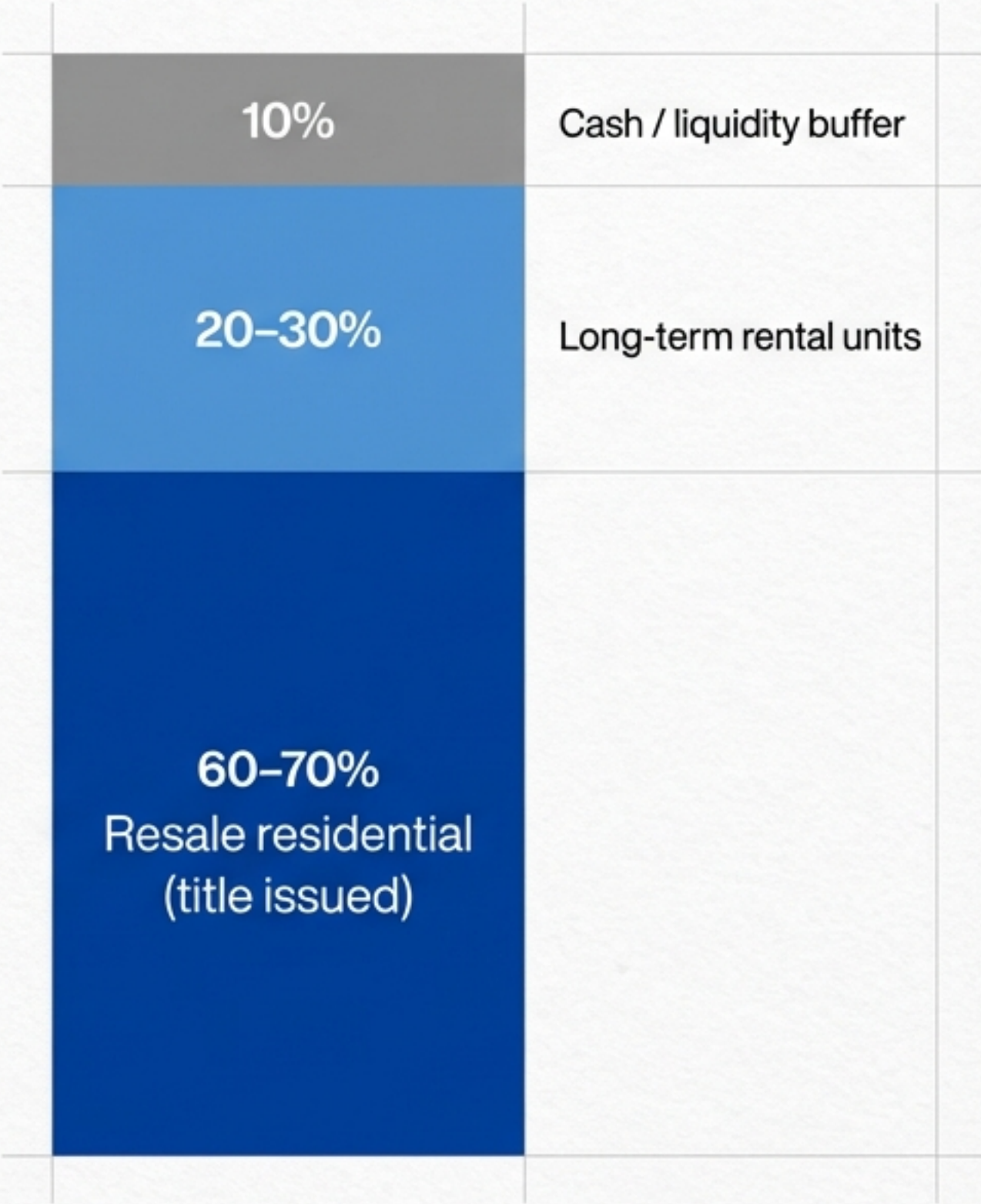
Directory Rule: Portfolio design precedes property selection.

Model A - Conservative Allocation

Objective: Capital preservation + stable income

Typical Cities: Nicosia, Larnaca

Risk Profile: Low

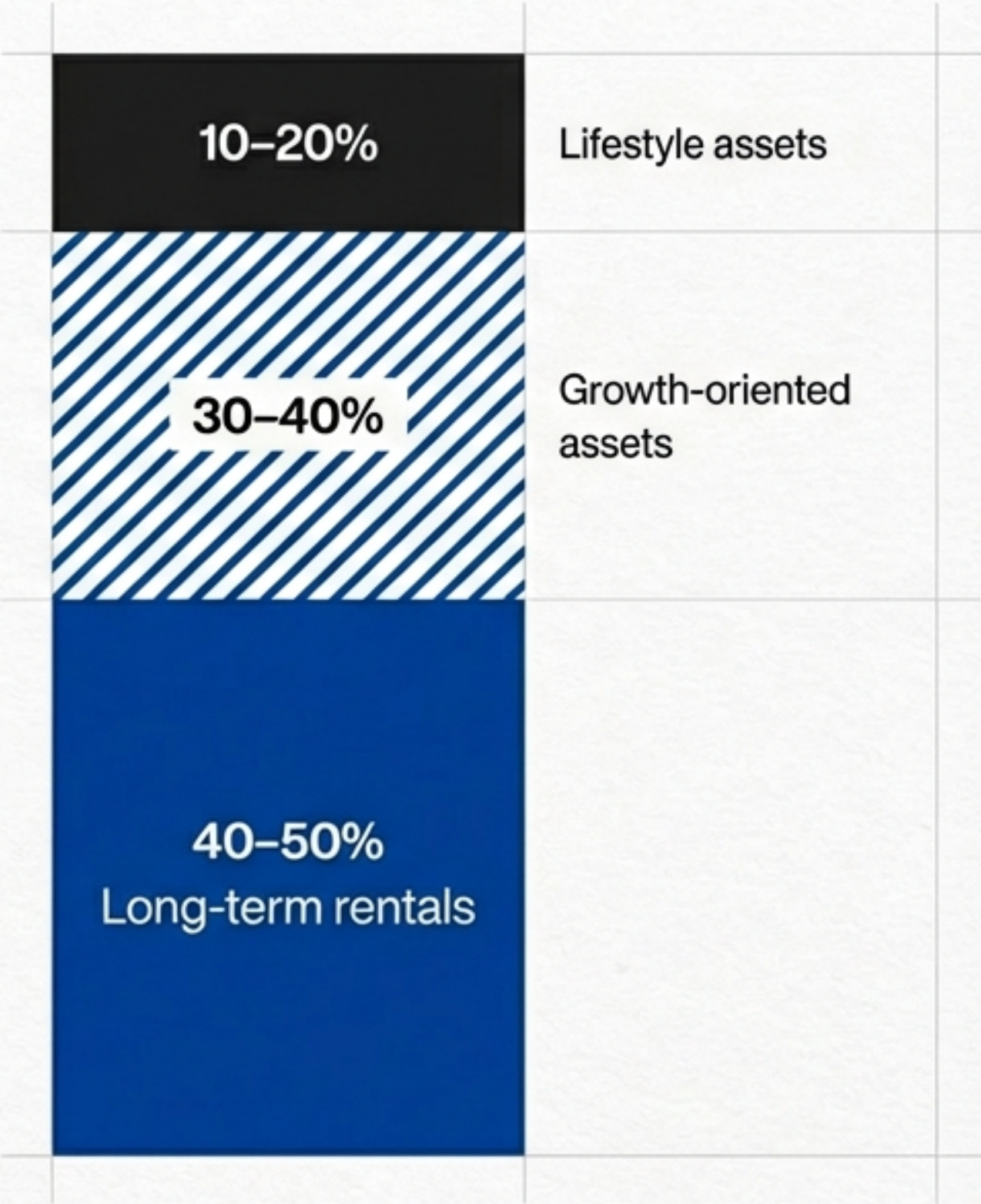


Model B - Balanced Allocation

Objective: Income + moderate appreciation

Typical Cities: Larnaca, Limassol

Risk Profile: Medium



14.4 Core Allocation Models (Indicative)

Model C - Growth-Oriented Allocation

Objective: Capital appreciation

Typical Cities: Larnaca, Limassol

Risk Profile: Medium-High

<div>10-20%</div> <div>Income buffer assets</div>	<div>10-20%</div>
<div>20-30%</div> <div>Regeneration zones</div>	<div>30-40%</div>
<div>50-60%</div> <div>New developments</div>	<div>60-70%</div>

14.4 Core Allocation Models (Indicative)

Model D - Lifestyle-Weighted Allocation

Objective: Personal use + capital retention

Typical Cities: Paphos, coastal Limassol

Risk Profile: Medium

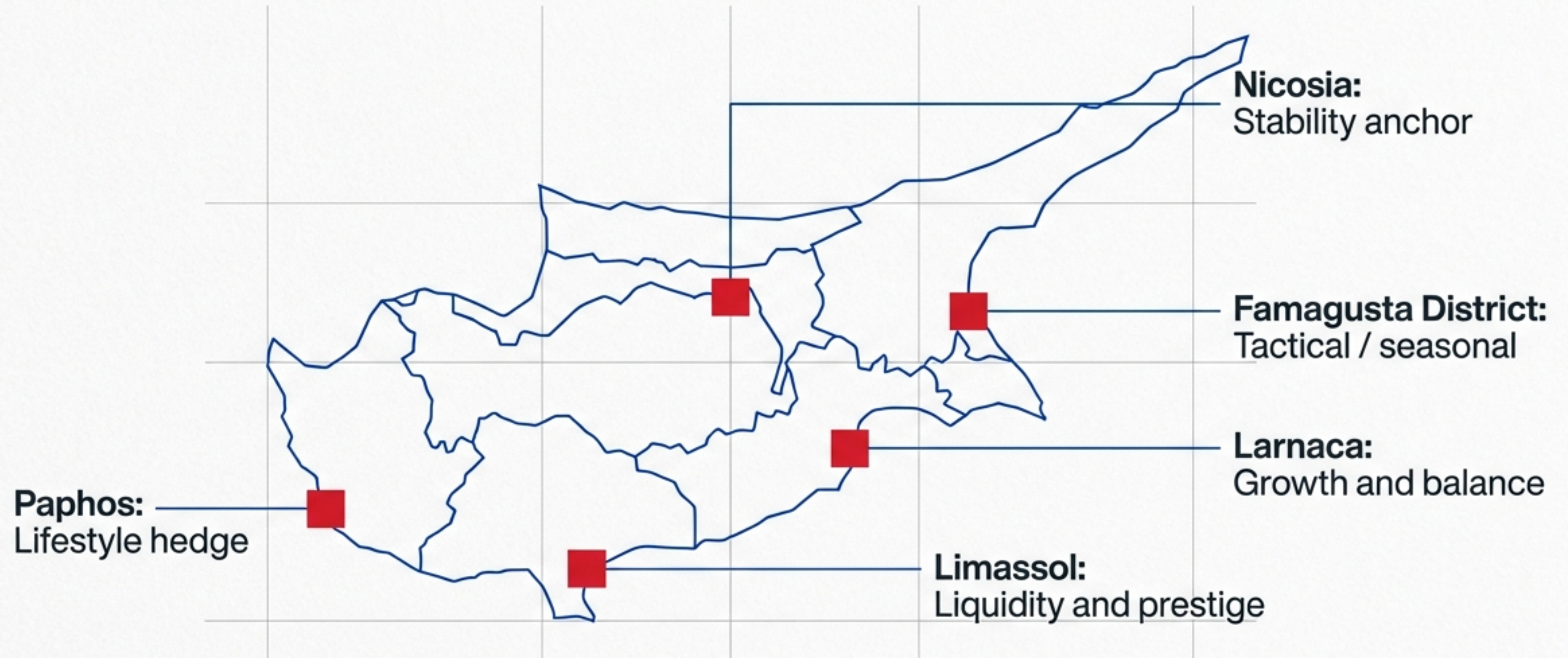


Disclaimer: Allocation models are illustrative frameworks and should be adapted to investor objectives, risk tolerance, financing assumptions, and liquidity requirements.

© 2025. RE/MAX Smart Concept. All rights reserved.

NotebookLM

14.5 City Diversification Logic



Note: Famagusta District refers to government-controlled resort municipalities (e.g., Paralimni/Protaras/Ayia Napa) under the effective control of the Republic of Cyprus.

Directory Rule: Avoid single-city concentration unless strategy demands it.

© 2025. RE/MAX Smart Concept. All rights reserved.

14.6 Time Horizon Scenarios

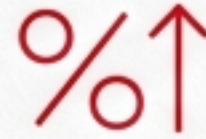
Short-Term (0-3 years)	Medium-Term (3-7 years)	Long-Term (7-15 years)
<ul style="list-style-type: none">• Focus: Income stability• Avoid: Off-plan with long delivery• Emphasise: Ready title units	<ul style="list-style-type: none">• Focus: Regeneration zones• Balance: Income and growth• Monitor: Infrastructure execution	<ul style="list-style-type: none">• Focus: Resilience and ESG• Accept: Slower appreciation• Benefit: Capital preservation

14.7 Stress-Testing the Portfolio

Every portfolio should be tested against:



Rental vacancy increase



Interest rate fluctuations



Delayed infrastructure delivery



Exit liquidity constraints



Regulatory or tax changes

Directory Principle: A resilient portfolio survives unfavourable scenarios, not only base cases.

14.8 Cyprus vs UAE - Portfolio Function Comparison

Function	Cyprus	UAE
Capital preservation	Strong	Moderate
High yield	Limited	Strong
Liquidity	City-specific	Broad
Lifestyle value	High	Moderate
Volatility	Low–Medium	High

14.9 Common Portfolio Errors

Error: Overweighting one city → Impact: Liquidity risk

Error: Mixing strategies → Impact: Underperformance

Error: Ignoring holding period → Impact: Forced exit

Error: Underestimating ESG → Impact: Future discount

Error: No liquidity buffer → Impact: Stress exposure

14.10 Section 14 Summary

- Cyprus is a defensive allocation.
- Portfolio balance matters more than asset count.
- City diversification reduces risk.
- Time horizon defines asset suitability.
- Scenario planning is essential.



Created and Presented by RE/MAX Smart Concept

Human-led intelligence supported by AI precision.