



# **Section 14 | Portfolio Structuring, Allocation Models & Scenario Planning**

A Strategic Framework for Cyprus Real Estate

**Created and Presented by RE/MAX Smart Concept**

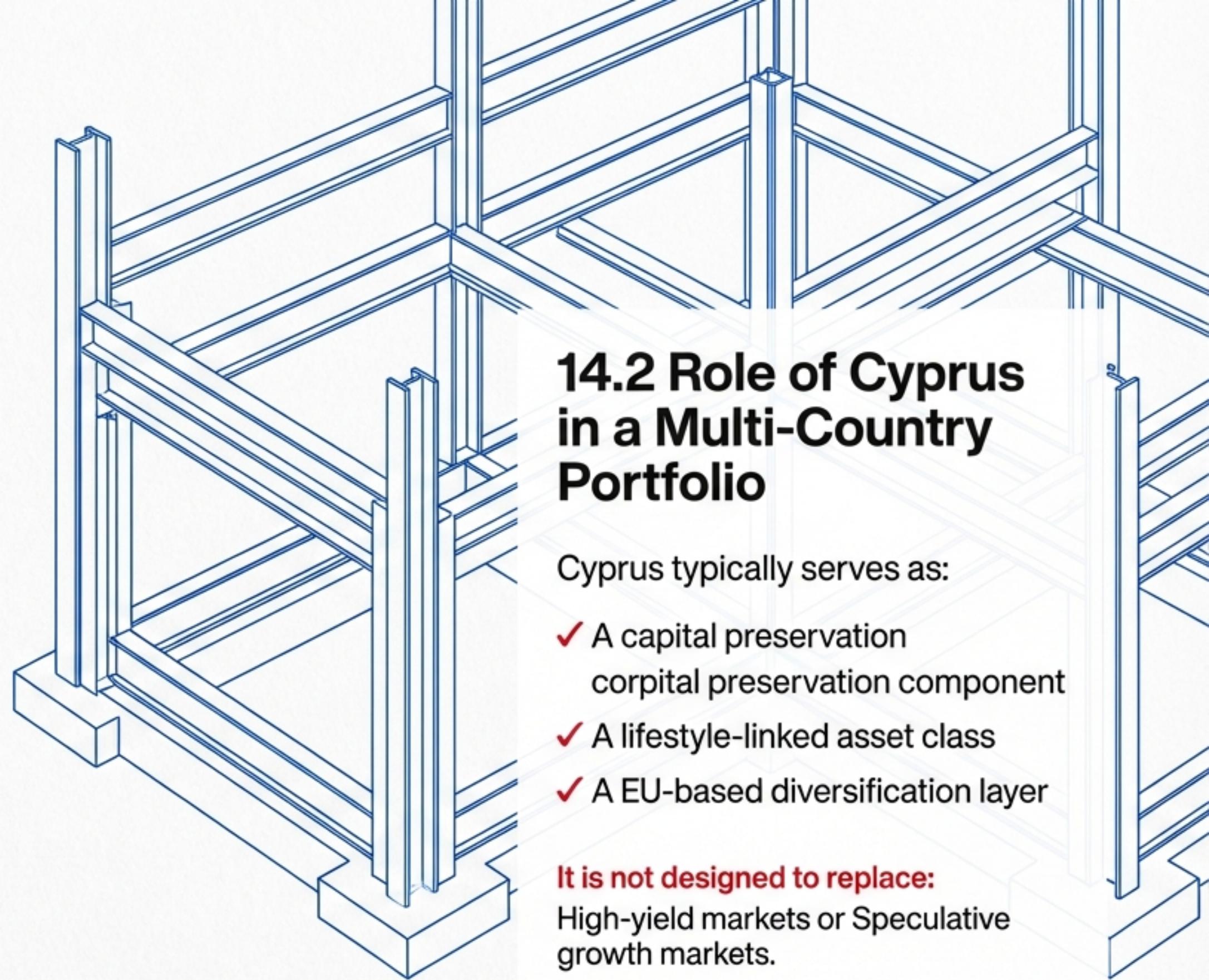
## 14.1 Purpose of This Section

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

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**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

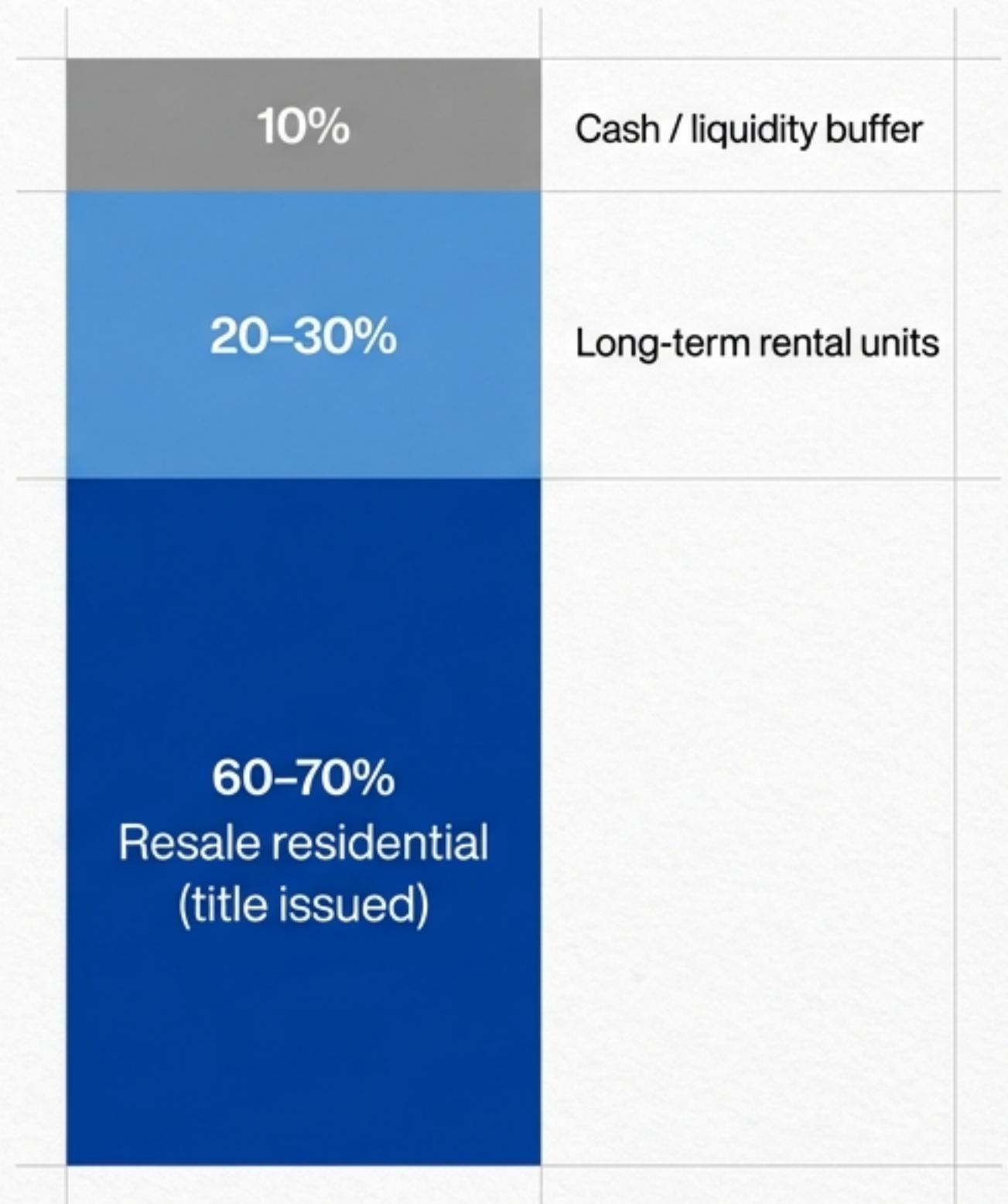
**Directory Rule: Portfolio design precedes property selection.**

### 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

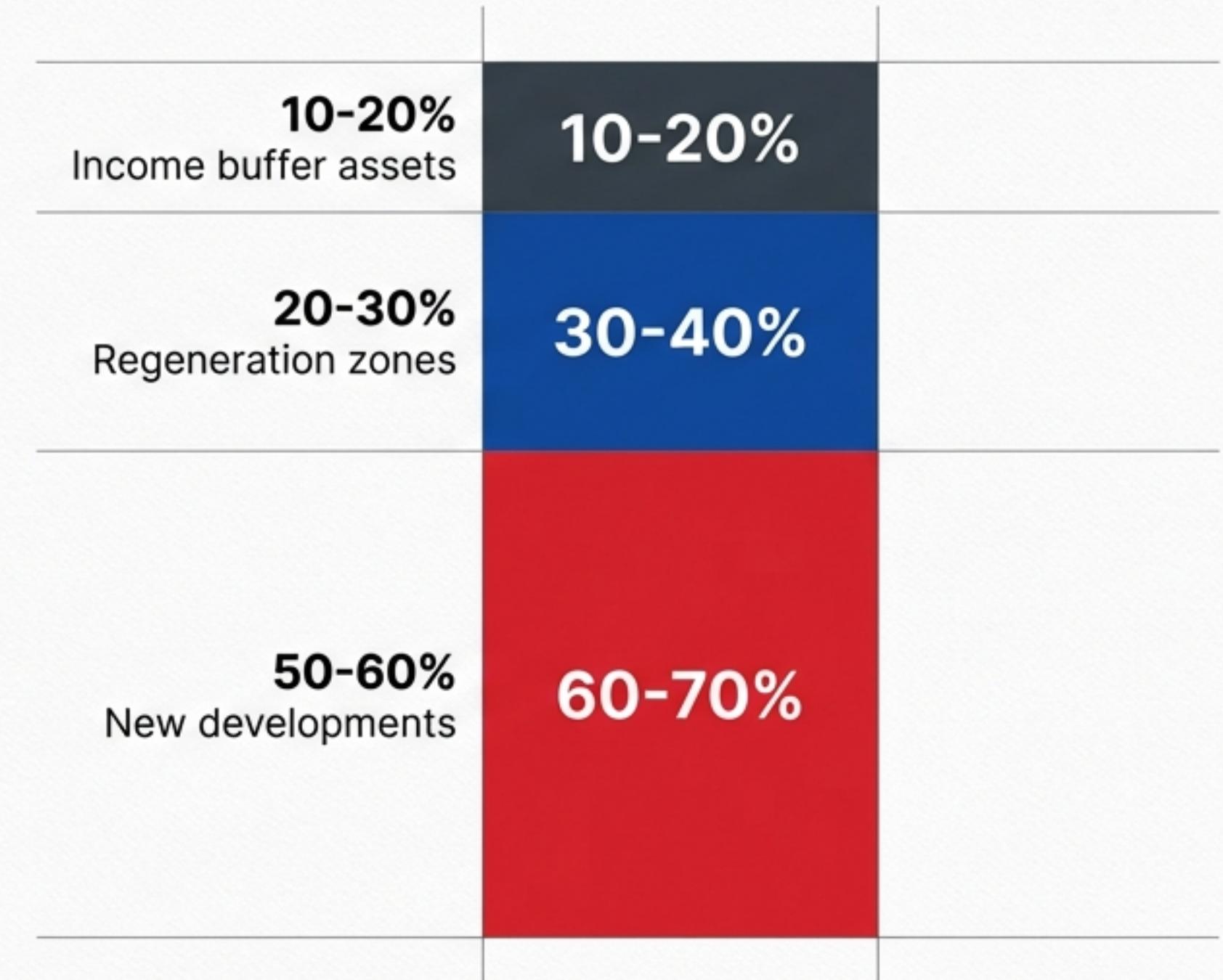
**Risk Profile:** Medium



## 14.4 Core Allocation Models (Indicative)

# Model C - Growth-Oriented Allocation

**Objective:** Capital appreciation



**Typical Cities:** Larnaca, Limassol

**Risk Profile:** Medium-High

## 14.4 Core Allocation Models (Indicative)

# Model D - Lifestyle-Weighted Allocation

**Objective:** Personal use + capital retention

**Typical Cities:** Paphos, coastal Limassol

**Risk Profile:** Medium

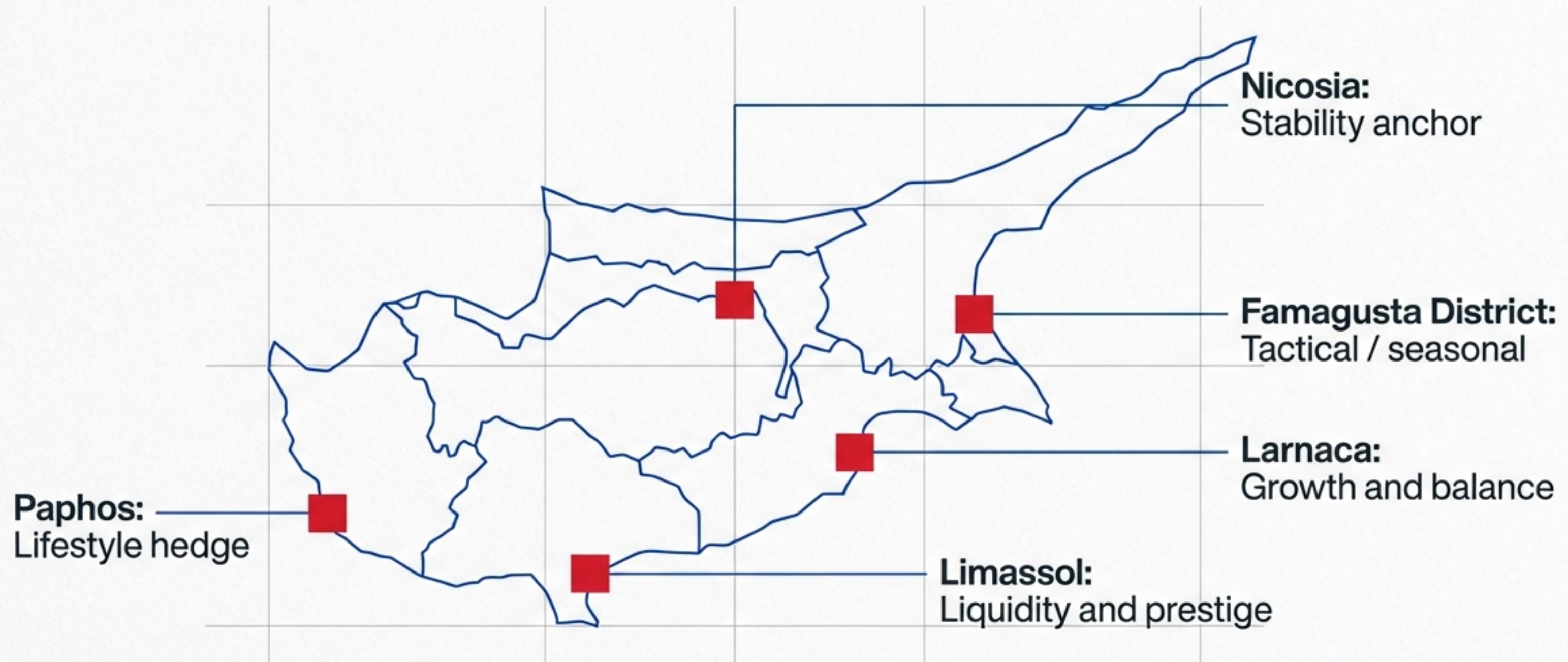
**50-70%**  
Primary / lifestyle property

**20-30%**  
Income-generating asset

**10%**  
Liquidity



# 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.**

# 14.6 Time Horizon Scenarios

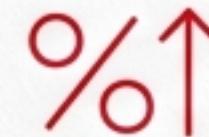
Short-Term (0-3 years)	Medium-Term (3-7 years)	Long-Term (7-15 years)
<ul style="list-style-type: none"><li>• <b>Focus:</b> Income stability</li><li>• <b>Avoid:</b> Off-plan with long delivery</li><li>• <b>Emphasise:</b> Ready title units</li></ul>	<ul style="list-style-type: none"><li>• <b>Focus:</b>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

# 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	<b>Strong</b>	Moderate
High yield	Limited	<b>Strong</b>
Liquidity	City-specific	Broad
Lifestyle value	<b>High</b>	Moderate
Volatility	<b>Low–Medium</b>	<b>High</b>

# 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.



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