

INVESTING IN THE SAUDI ECONOMY MUSHARAKA REIT FUND



Musharaka REIT Fund is a close-ended, Shariah-compliant, real estate investment traded fund that is publicly traded on the Saudi Exchange. Driven by a desire to regulate Saudi real estate investment practices, the fund was approved in 2017 and aims to invest in real estate developments that generate regular rental income.

Musharaka REIT Fund

www.musharakareit.com

Number of employees: 31

Year fund founded: 2017

Fund size: SAR 865 million



Ibrahim Fahad Al-Assaf
CEO of Musharaka Capital, and Chairman of
Musharaka REIT Fund

“Our main objective is to simplify investment processes and products to allow every individual, regardless of wealth, an opportunity to invest while advising them how to best optimize their investment,” says Ibrahim bin Fahad Al-Assaf, Chairman of Musharaka REIT Fund and CEO of Musharaka Capital.

Musharaka Capital is considered the first company to discuss the development of REIT regulatory framework with the Capital Market Authority (CMA), which occurred back in 2013 before the official REIT regulation was produced. However, Musharaka REIT was finally launched in 2017 when CMA issued REIT regulations. As for Musharaka Capital, “Our products today are attracting both local and international investors, in addition to our strong penetration of the private equity market,” says Al-Assaf. “We attribute our growing success to our continuous efforts to be a leader in the market, as well as the Saudi Exchange initiatives to make headway in the region as an exchange.”

Our ability to be dynamic and adapt to consumer needs, while having an agile and well-equipped team is essential to grow and succeed in our current business environment



50%

Asset growth since foundation

The Saudi Exchange inclusion on the MSCI emerging market index is helping to grow our international reach and increase demand for fund investors. In addition, gaining greater exposure to a global investor audience has encouraged Musharaka REIT to implement international best practices for investors. Commenting on this progression, Al-Assaf says, "We've been constantly making efforts to enhance our framework to comply with international best practices and provide full transparency to all our investors."

Musharaka Capital initiatives and strategy are aligned with the Saudi Vision 2030 and shift the focus toward sectors that act as economic pillars for the Vision, which include real estate, logistics, infrastructure, technology, entertainment, and hospitality.

As customer expectations continue to evolve, Musharaka Capital is developing its opportunities to accommodate their growing needs. The company is investing in mixed-use developments in the real estate sector, which have gained traction from local and international investors. Musharaka launched La Perla, for example, a transformational real estate fund aimed at developing the first beach resort in the heart of Alkhobar. This is a key part of the Vision 2030, bringing opportunities such as foreign travel within the Kingdom so that individuals don't have to travel outside countries for the experience.

"Such projects were not feasible a few years ago due to the lack of consumer demand. However, as the economy shifts and consumer trends develop along with the country tourism focus, we are introducing developments that didn't exist in Saudi, but only

existed abroad,” explains Al-Assaf. “Our ability to be dynamic and adapt to consumer needs, while having an agile and well-equipped team is essential to grow and succeed in our current business environment.”

Moreover, the majority of the projects that the company operates have ESG goals at their core, with the wider objective to create a positive impact on the environment. “We continue to work diligently toward achieving our ESG targets to have an impact not only locally, but internationally as well,” Al-Assaf says.



Musharaka Capital raised SAR 880 million for its REIT and expanded its investor base

One of the key areas of recent innovation in the real estate sector has been the introduction of digital securities, a tokenized representation of traditional assets. The use of blockchain technology allows property owners, and entrepreneurs to tokenize their traditional shares in a particular real estate or company and issue tokens. The company is developing a platform that will offer digital securities issuance, primary offering/crowdfunding, and secondary offering as well. Tokenization is relatively new in the region and Musharaka Capital is working with highly qualified developers to ease fundraising and enhance liquidity of traditional assets. framework for digital securities.

Providing liquidity for real estate investors by listing its REIT on the Saudi Exchange has been a key milestone for Musharaka Capital. The Musharaka REIT raised SAR 880 million as more investors sought to take advantage of opportunities in real estate through a product that also allows them to easily access their money. Since its inception in 2017 Musharaka REIT achieved around 40 percent assets increase and maintained net dividends yield of 7 percent for its unit holders.

The REIT, which is also listed in the FTSE EPRA/Nareit Global Real Estate Index Series, is among a wide range of investment services offered by Musharaka Capital to support both individuals and corporations pursuing their financial goals. The company focuses on areas such as asset management, investment banking, corporate advisory, and securities custody.

In line with the national effort to increase the private sector's contribution to the Saudi economy, Musharaka provides equity financing solutions for industrial and infrastructure projects. It also recently applied to the Saudi Capital Market Authority's (CMA's) FinTech Lab to introduce a product that gives entrepreneurs access to competitive equity financing through cooperation with highly qualified developers.

Musharaka Capital is also seeking to seize opportunities as Saudi Arabia looks to a more sustainable future, both from an environmental perspective and through future cash flow generation. With Environmental, Social, and Governance (ESG) principles becoming increasingly important, the company is working with an international consultant to study its existing commitment to ESG and how its principles adoption would be strengthened.

Last year, the company received CMA approval for products including its Musharaka Murabahat and Sukuk Fund. The company is also examining how to strengthen its offering for clients by focusing on opportunities of emerging spaces presented by new technologies, such as automation, e-payments, artificial intelligence, and blockchain.

Licensed by the Capital Market Authority (CMA) (license no. 13169-27) on 23/10/2013, it started operations on 12/05/2014,(CR no. 2051056409) with a paid capital of (SAR 65.000.000).

Musharaka provides high-end innovative financial products and services that are designed to meet challenges and access opportunities in today's transforming global economy.

Musharaka Capital is a diversified dealing as principal, investment fund management, Discretionary Portfolio Management, arranging, advisory and securities custody service, Musharaka shapes solutions customized to maximize wealth potential, meet the investment needs, and risk the appetites of both the individual and corporate investor.

Powered by the expertise of a world class team of investment professionals and aligned with Saudi Arabia's Vision 2030, Musharaka delivers targeted Shariah-compliant investment opportunities.

1. Our vision

To be the preferred asset management and investment banking partner for creative, customized financial solutions and one of the top ten firms in the region.

2. Our mission

It is the company's mission to leverage its extensive expertise and the latest technologies to provide unique investment solutions and services that exceed its clients' expectations while upholding the highest standards of ethics, integrity and confidentiality. To support the achievement of Vision 2030 by aligning strategy with Environmental, Social and Governance factors and provide a positive working environment conducive to creativity and innovation.

3. Our Values

3.1 Innovation

In a dynamic global economy Musharaka remains agile, responding and adapting to change to better serve its clients' needs. The company aims to think differently, creatively shaping strategies that find solutions to tomorrow's challenges and ensure its clients have a financially healthy future.

3.2 Integrity

Musharaka Capital is guided by a moral compass in everything it does, growing its relationships on a foundation of honesty and ethical business practices.

3.3 Reliability

Musharaka is committed to its clients' sustainable financial success and remains steadfast in its promises regardless of changing business landscapes and economic climates

3.4 Knowledgeable

Musharaka remains abreast of market and industry activity and ensures its clients are fully equipped with the knowledge they need to make informed investment decisions

3.5 Transparency

Musharaka maintains the highest levels of transparency in every client interaction and provides regular reports and updates on the performance of their investments.

3.6 Efficiency

Musharaka manages its business and serves its clients with optimal efficiency by streamlining its processes and procedures and aligning its people in order to leverage the full spectrum of their creative potential.

4. Strengths

4.1 Strong Shareholder Base

Musharaka's strong shareholder base of institutional and individual investors provides a stable foundation from which to deliver creative, value added investment products and services.

4.2 World Class Team

Musharaka is run by an experienced team of investment experts who leverage a strong business network, cutting edge technology, and in-depth market knowledge to deliver intelligent financial solutions.

4.3 Agility

As an Asset Management and Investment Banking Boutique, Musharaka is flexible and dynamic. We facilitate a seamless and fast investment process and adapt to change with agility.