

INVESTING IN EDUCATION PAYS THE BEST DIVIDENDS



Education is an essential ingredient of a strong economy and an important priority for Saudi Arabia. In line with the Kingdom's Vision 2030, Taleem Real Estate Investment Trust (REIT) Fund provides capital to education and training institutions, while also earning rental income for investors.

SAR 86.4 million

total dividends paid by the fund to its investors since 2017

REITs allow investors to gain exposure to real estate without the hassle of managing real estate properties. REITs also aim to provide a stable and predictable stream of income, as well as offering investors far greater liquidity than investments in traditional real estate assets. Launched in 2017, Taleem REIT owns three income-generating properties in the Kingdom in the kindergarten to secondary school segment. Since its inception, the fund has paid SAR 86.4 million in total dividends to its investors.

As Taleem REIT is listed on the Saudi Exchange, the largest stock market in the Middle East and North Africa, it attracts investment at the national, regional, and international level. Further, Taleem REIT is a true pioneer and was the first thematic fund to launch in the Kingdom.

The REIT industry in Saudi Arabia has yet to reach its full potential and, accordingly, is ripe for growth in the forthcoming years. Factors such as strong GDP growth projections and increased tourism are likely to lead more institutional and individual investors turning to REITs.

Taleem REIT Fund, a Real Estate Investment Trust (REIT), is the only fund in the Kingdom dedicated to work with operators who develop facilities suited to the variety of communities and young minds they serve, while allowing schools to defer large capital costs over time. The fund's price per unit witnessed a total price return of 1.74% during 2020 (calculated based on traded price) and dividend yield of 4.97%.

The fund was established by acquiring the real estate asset of Al-Tarbiyah Al-Islamiyah Schools, which is one of the oldest and most popular schools in the city of Riyadh, and enjoys a good reputation amongst locals. The fund has a long-term triple net binding lease contract of 27 years with the operator of this

Taleem REIT Fund

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Year fund founded: 2017

Number of employees: 230

Fund size: SAR 656.9 million

school. Further, in continuation with implementation of the fund's strategy, during year 2018, the fund acquired another real estate asset, which is leased to Al-Rowad International Schools for a period of 24 years under a triple net binding lease contract. In year 2020, the fund acquired another asset that is leased to Al-Ghad National Schools for a period of 10 years under a triple net binding lease contract. These schools are considered some of the most prestigious schools in the Kingdom of Saudi Arabia. All long-term lease contracts have periodic escalation clauses and due to their long-term nature, they provide certainty, transparency, and predictability in respect of future cash flows. Accordingly, the fund features a quarterly dividend distribution policy, which is well liked amongst the investor community and hence reflects positively on fund's unit price.

The fund manager acknowledges the impact of technological changes within its acquisition strategy to ensure that the education assets it acquires are current with sector trends, which will help guarantee asset sustainability in the long term.

The Taleem REIT Fund is managed by Saudi Fransi Capital ("fund manager") a leading financial services provider offering investment banking, asset management, debt and equity research, institutional sales trading, and local and global securities brokerage. Saudi Fransi Capital is the investment arm of Banque Saudi Fransi, where it was trademarked with a paid up capital of 500 million Saudi Riyals and is a closed joint stock company in the Kingdom of Saudi Arabia. It is licensed by the Capital Market Authority with license 1115-37 to conduct a wide range of investment activities include dealing, arranging, managing, advising and custody of securities business.

Taleem REIT Fund paid SAR 86.4 million in dividends since inception

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