

> **SEDCO Capital:****Sound and Solid Investments**

Growing from a small family office in the late 1970s to become one of the world's most notable Sharia asset management firms has been a metered yet meteoric rise for Saudi Arabia's SEDCO Capital. The journey has been marked by several significant milestones: the company played a vital role in the development of the Dow Jones Islamic Index in 1999. In 2014, SEDCO Capital became the world's first Sharia-compliant asset manager to join the United Nations' Principles for Responsible Investment (UNPRI). This is the third year in a row that the company has been honoured with the prestigious Global Islamic Finance Awards' (GIFA) Islamic Finance Social Responsibility Award.

For SEDCO Capital, its remarkable success may be ascribed to the company's investment solutions that combine environmental, social responsibility, and governance (ESG) standards with the Islamic guidelines widely known as Sharia. Recognising the commonalities between the Islamic and ESG concepts – such as negative screening and creating sustainable economies – SEDCO Capital adds extra value to existing practices with a prudent approach, active involvement, and diligent management.

Built on a sterling history of advisory and management services, SEDCO Capital currently manages assets in a diversified spectrum of realty, equities, and other businesses with total assets under management (AUM) touching US\$ 3.8 billion. The company has the largest set of Sharia funds registered in Luxembourg, and its investments span the globe.

With its solid track record, highly qualified professional team, and well-studied processes and strategies, SEDCO Capital continues to be amongst the major players in the asset management industry both regionally and globally. Meanwhile, parent company Saudi Economic and Development Company (SEDCO Holding) – founded in 1976 by the Bin Mahfouz – one of Saudi Arabia's leading banking families – continues to grow a handsome portfolio of full-fledged subsidiaries.

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**RESPONSIBILITY WITHOUT BORDERS**

The hallmark of SEDCO capital's operations is formed by a corporate philosophy founded on the principles of ethicality, diversity, and partnership. While the product offering is broad-ranged enough to satisfy most investors, it also covers several styles and strategies. Meanwhile, business relationships are always built on the partnership model – ensuring transparency, building mutual trust, and facilitating shared success.

While covering all aspects of asset management, what truly sets SEDCO Capital apart is the company's diligent adherence to innovation and Sharia Law in the field. For instance, the company has provided clients with a wide range of unique investment solutions, many of which were first-of-kind available on Sharia-compliant platforms. Of these, no less than ten are also fully ESG-compliant.

With a choice of 14 different global equity funds, together with strong real estate and private equity offerings, SEDCO Capital can provide total

asset-allocation in a well-diversified portfolio for any Sharia sensitive investor located anywhere in the world. In logical progression from this leadership in Sharia investing, the company is also considered a pioneer in the still-nascent global concept of socially responsible investing.

**INCREASED FOCUS ON REALTY INVESTMENTS**

With a keen focus on strong management functions and a value-oriented approach to new investment products, SEDCO Capital has emerged as a leading international player in the realty investment sector. Its range of clients is just as diverse – varying from sovereign wealth funds and pension funds to financial institutions and family offices, institutional investors, and ultra-high net worth individuals.

From its first modest investment in 2011, the company's portfolio on its home turf Saudi Arabia has grown to include eight assets under the SEDCO Capital Real Estate Income Fund I (SCREIF I) – with a portfolio value of approximately SAR 596 million (last valued in December 2014).

The core fund focuses on the acquisition of high-quality income-generating assets in the kingdom, with a target return of 7 per cent annual distribution. Late last year, the fund's December acquisition of Burj Al Hayat in Riyadh was worth SAR 40 million and increased the portfolio's value by 4.1%.

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SEDCO Capital CEO during Hope Leadership Summit Atlanta 2013



CEO: Hasan Al Jabri

The end of last year also saw the launch of SEDCO Capital Real Estate Income Fund II (SCREIF II), further consolidating the company's regional position as a best in-class real estate investment manager. SCREIF II's target size has been set at SAR 500 million and a separate account added recently offers a specialised strategy for individual investors allowing them to navigate alongside different stages of the business cycle, measured by durability and sustainability. Unsurprisingly, this dynamic has expanded client base and improved market penetration.

#### BEYOND SAUDI SHORES

Over the last three years, SEDCO Capital executed international realty transactions worth \$1 billion through the acquisition of 19 new investments in key markets such as the US and the UK, and the successful sale of 21 investments in France, Malaysia, Singapore, UK, and Mexico.

The company focuses on non-cyclical and need-based sectors including retail, residential, industrial, and healthcare. Engaging in active asset management through an institutional approach has also led to sterling global partnerships with the likes of Townsend, LaSalle Investment Management, Palmer Capital, Bentall Kennedy, Lexington Realty Trust, and Group CBRE Global Investors.

In the US, where SEDCO Capital has a history of realty transactions dating back to 1976, the latest milestone is a strategic partnership with

education firm Nord Anglia International to develop a state-of-the-art facility for 2,000 students in Houston, Texas. The first built-to-suit project of its type involves an international tenant in a long term triple net lease arrangement. SEDCO Capital has also tapped into real estate in Texas' other big city Dallas, with an investment in senior care housing – a sector that is booming on account of current US demographic trends.

In February, SEDCO Capital partnered with commercial real estate player Madison Marquette to acquire Coral Landings III – a 176,575 square foot neighbourhood retail centre in Margate, Florida. This acquisition is the first in a programmatic joint venture to target high value retail, office, mixed use and multi-family assets in urban US markets where revenue potential can be enhanced with strategic leasing and repositioning. During acquisition, Coral Landings III was 85% leased to national tenants that included HomeGoods, Best Buy, and Jo-Ann Fabric & Craft.

In the UK, SEDCO Capital has acquired Blakelands Industrial Estate – the dominant industrial property in Milton Keynes and a strategic location for regional and international distribution centres. It has also acquired Colne Valley Retail Park, a leading furniture park in Watford with strong tenants including DFS, Dreams, Harveys, Carpetright, and Oak Furnitureland.

SEDCO Capital is also pursuing new European real estate deals on top of the \$300 million already invested in the sector. Plans are afoot to distribute its Luxembourg fund range through two European investment firms in addition to incumbent Credit Suisse. This European strategy particularly aims at bridging crossover opportunities between socially responsible and Sharia compliant options, and widening their appeal to conventional investors.

#### BUILDING ON SUCCESS

SEDCO Capital's plans for the year ahead and beyond centres around acceleration in the realty division, with new senior members of staff, planned transactions in the build-to-suit offering, and the development of another Saudi Arabia focused realty fund. Strategic upgrades to operational, administrative, and risk management capabilities are being simultaneously buoyed by investments in compliance, audit, finance, treasury, and marketing. Re-negotiations of service contracts, recapitalising broken deals, and harnessing the potential of mispricing in distressed markets are also on the anvil.

The company is constantly extending its physical and metaphysical boundaries by participating in regional and international conferences. Its annual Windows on Markets event – now in its fifth year – focuses on trends, challenges, and opportunities in international realty and sees wide participation by global advisors and experts alike. ❀