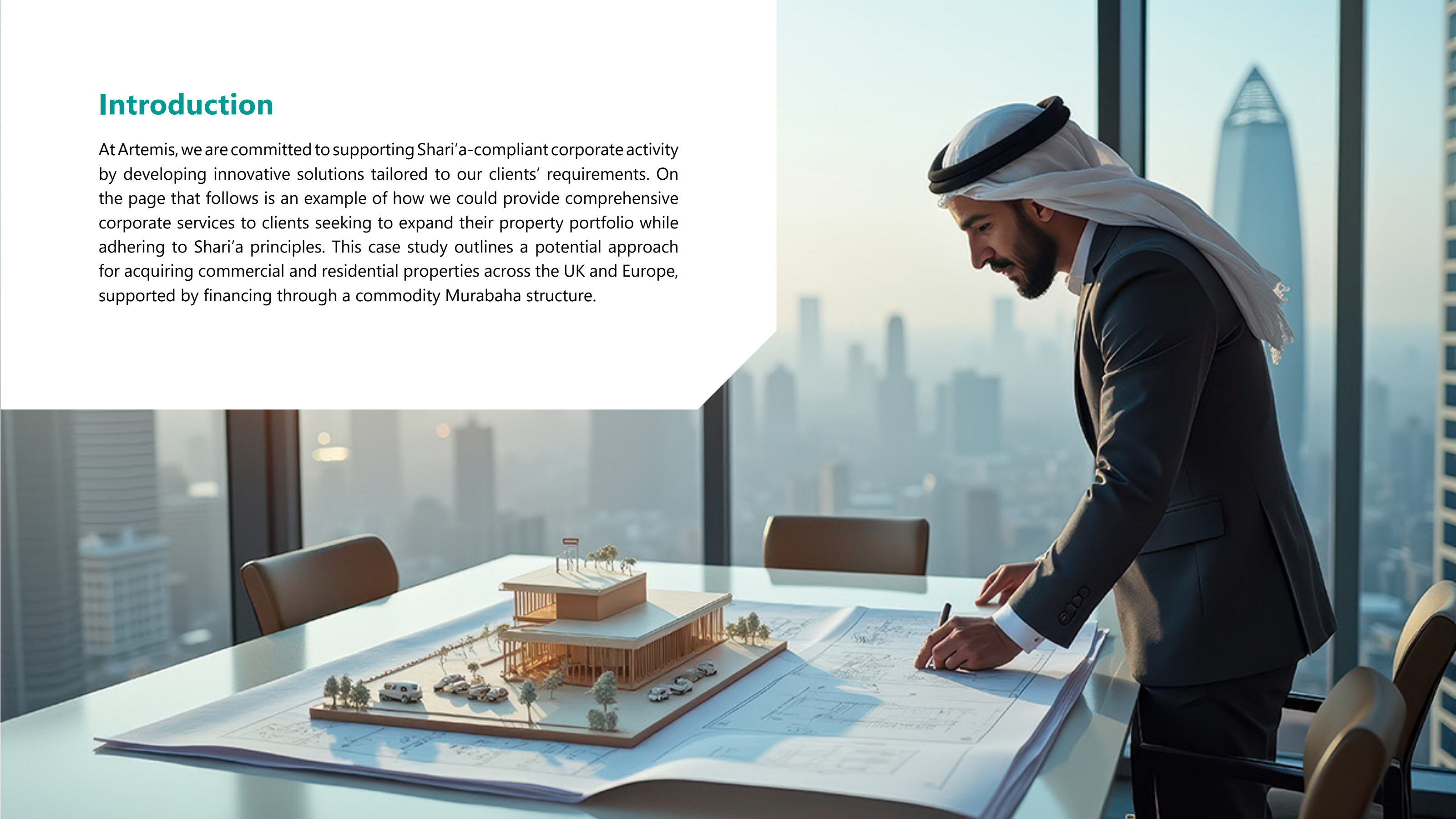


EXPANDING A PROPERTY PORTFOLIO THROUGH SHARI'A-COMPLIANT LENDING

By Mary Humphreys, Trust Manager, Artemis Fiduciaries

Introduction

At Artemis, we are committed to supporting Shari'a-compliant corporate activity by developing innovative solutions tailored to our clients' requirements. On the page that follows is an example of how we could provide comprehensive corporate services to clients seeking to expand their property portfolio while adhering to Shari'a principles. This case study outlines a potential approach for acquiring commercial and residential properties across the UK and Europe, supported by financing through a commodity Murabaha structure.



The Client

Our prospective client could be a well-established Middle Eastern family with a longstanding commitment to Shari'a-compliant real estate investments. Operating through a family-owned asset management firm, they may be actively investing in properties across the UK and Europe.

The Challenge

The client may seek to expand their property portfolio by acquiring commercial and residential assets across key markets. To align with their religious and ethical values, they would require financing exclusively from Shari'a-compliant lenders through a commodity Murabaha structure.

The Solution

Following consultations with trusted tax and legal advisors, we could structure a bespoke investment framework consisting of:

- **A Guernsey-registered Finance Company ("Finance Co")**, serving as the central financing entity.
- **A Property Company ("PropCo")**, responsible for acquiring and managing the real estate assets.
- **A Purpose Trust**, established to hold the management shares of Finance Co, ensuring governance alignment with Shari'a principles.



The client could provide capital through their Middle Eastern asset management firm, which would be invested in the structure via Finance Co in exchange for non-voting, redeemable participating shares.

To ensure full Shari'a compliance, we would collaborate closely with Shari'a scholars and lenders to obtain formal approval for the financing structure and underlying real estate assets. This process would culminate in the issuance of a **Fatwa** by a qualified legal scholar, affirming compliance with Islamic financial principles.

Once the Fatwa is secured, Murabaha financing could be introduced at the PropCo level. The lender would hold security over the bank account, while PropCo would proceed with asset acquisitions. Depending on the property type, PropCo could either continue leasing to existing tenants, repurpose assets (e.g., converting commercial spaces into residential units), or undertake refurbishment projects to enhance property value.

The Outcome

As a **Guernsey-regulated Corporate Services Provider (CSP)**, Artemis can provide a full suite of corporate services to ensure seamless administration and governance of the structure. By engaging experienced property and asset managers, we would ensure optimal operational oversight of the assets.

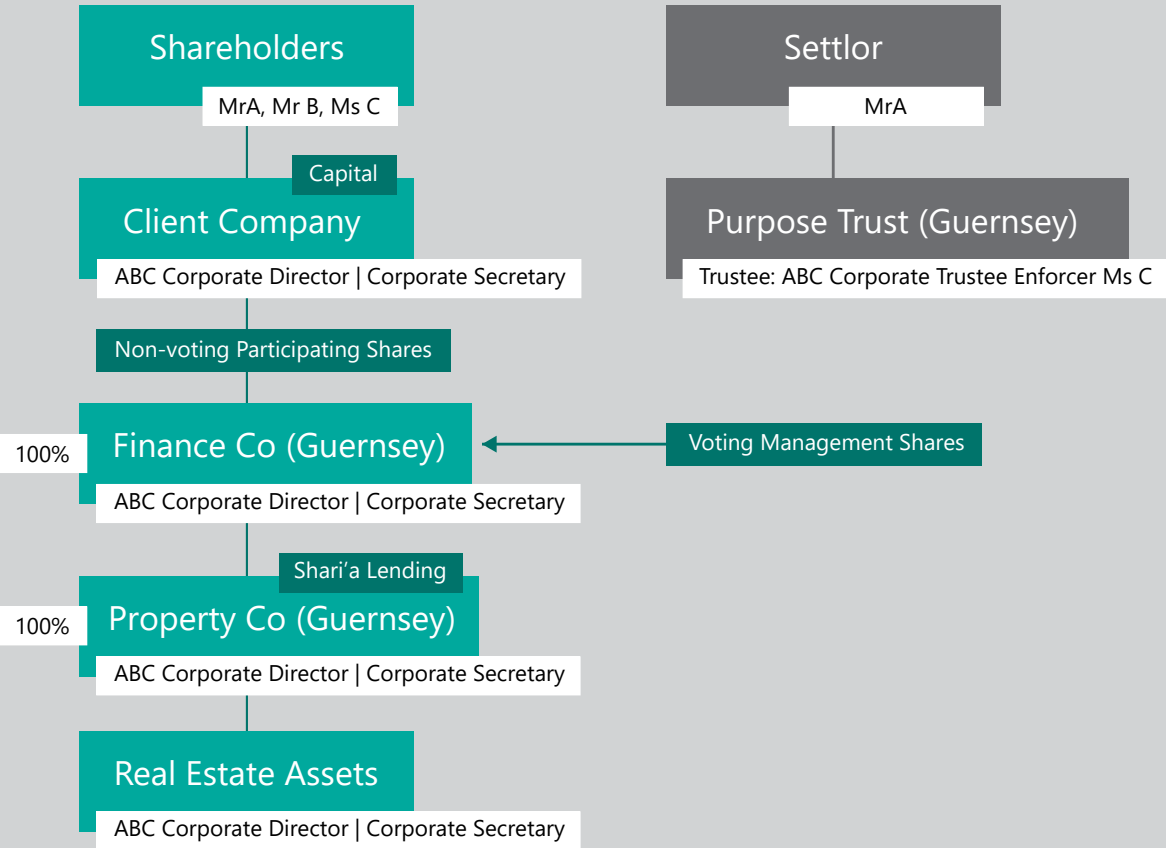
The client would benefit from:

- **Expertise in structuring and managing Shari’a-compliant investments**, ensuring alignment with Islamic financial principles.
- **Strong industry relationships**, facilitating access to leading Shari’a-compliant lenders and scholars.
- **Sustainable returns**, achieved through rigorous due diligence and asset evaluation prior to acquisition.

Conclusion

This case study demonstrates how Artemis could structure and manage complex Shari’a-compliant property investments. Our expertise, regulatory knowledge, and industry connections position us as a trusted partner for Middle Eastern families and institutions seeking ethical and compliant investment solutions.

Property Expansion – Shari’a Lending





For more information

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