



Wealth and Legacy:

The Rise of Single Family Offices in the MENA

A report by Tharawat Family Business Forum

In partnership with LGT (Middle East) Ltd.



Private
Banking

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Foreword



The last two decades have highlighted the importance of multigenerational family wealth in the face of the complex economic landscape of the Middle East and North Africa (MENA). Its impact on accelerating domestic growth and innovation has become more significant, as has its capacity to support the transformation of local markets and enhance their global competitiveness.

Over the past century, multigenerational family capital has typically been managed according to local, cultural, and familial preferences. Often a result of successful operating companies, wealth allocation was steered by the vision or personal preferences of a leader, with support from a loosely coordinated group of advisors and service providers. However, we are now witnessing a marked change in governance and capital allocation with the emergence of the MENA region's first single family offices.

The institutionalization and professionalization of family capital management have introduced a new level of diversity to the investment landscape, contributing significantly to future economic opportunities. However, there is a limited understanding of the region's single family offices' vision, purpose, and investment priorities. In response, the Tharawat Family Business Forum has launched The Future of Family Wealth initiative, which examines the impact of family-held wealth amidst societal, technological, and economic changes. As part of this initiative, Tharawat is proud to partner with LGT Middle East for the publication of this report, "Wealth and Legacy: The Rise of Single Family Offices in the MENA", marking the first step in mapping the evolution of family capital in the region.

Our report aims to fill the existing gap in independent research by collecting and analyzing data on the evolution, current interests, and future outlook of single family offices. Centered around a survey conducted with 34 leading single family offices from across the region, it also incorporates expert analysis and insights from family enterprises and academia. We hope this provides readers with a comprehensive view of the current landscape and emerging trends.

The shared objective of this partnership between the Tharawat Family Business Forum and LGT Middle East is to create a key piece of research that not only educates and engages family wealth owners and other ecosystem members but deepens our understanding of family office dynamics. We are proud to share this groundbreaking analysis, which lays the foundation for better insight into MENA single family offices, their evolution, and future outlook.

Farida F. El Agamy

General Manager, Tharawat Family Business Forum

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Preserving Wealth for Generations

In an ever-changing world, families and their wealth must adapt to thrive, relying on enduring values and principles.

*By H.S.H. Prince Hubertus von und zu Liechtenstein
Member of the Foundation Board of LGT Group*



During my interactions with families around the world, the topic of legacy management consistently arises. Typically, it is the parents or grandparents who raise the issue; sometimes, it is the children who are aware of the

expectations associated with being part of a business family.

As a member of a family with a history spanning 26 generations over 900 years, I can empathize with these expectations. Our family has learnt to deal with the challenge of succession in various ways. However, we don't take our legacy

for granted; rather, it fills us with both gratitude and a sense of responsibility.

We have a history of our family members wanting to stand on their own two feet, so we particularly value the principle of personal responsibility, encouraging entrepreneurship and independence. Simultaneously, we believe that with wealth comes social responsibility. That is why we have always actively engaged in charitable, philanthropic, social, and political endeavors.

In contrast to our longstanding history, many other families in regions with dynamic economies have accumulated wealth quickly. In the Middle East, for example, there are many relatively new multi-billion-dollar family-owned businesses. As a result, any succession challenges they have faced have been recent.

The Importance of Family Cohesion

As families expand internationally, family cohesion becomes increasingly important – and strengthening bonds between family members ultimately supports the successful transfer of wealth. In our family, which now has around 140 members, some, especially the youth, are increasingly dispersing geographically.

We actively address this issue by organizing regular opportunities for family gatherings. Events such as family days, meetings for 18-30-year-olds, and gatherings for teenagers prove instrumental in fostering familiarity and passing on family history and values. I have fond memories of similar gatherings with other members of my generation when I was young.

Formal Agreements and Transparency

While fostering familial bonds is crucial, establishing agreed-upon rights and obligations for family members can also prove beneficial. For centuries, the Princely Family has documented such rules in house law. Beyond focusing exclusively on succession, it regulates aspects of family organization, such as family membership, decision-making, and the role of institutions like the

Family Council. In some ways, our house rules can be compared with family constitutions or charters.

Entrepreneurial Commitment

The Princely Family has always been strongly committed to entrepreneurship, with a sustainable, long-term perspective. Above all, our activities in this area are aimed at preserving the family's financial independence. We have been involved in agriculture, forestry, real estate, and the arts for centuries. With the acquisition of LGT in 1930, the Princely Family also acquired a structure in which it could pool and develop the financial expertise required to manage its assets. Today, LGT Group performs many tasks that would be handled by a family office for us and also benefits from the experience and commitment of the owner family.

Has our history and experience in governance made succession within our family an easy matter? Frankly, it's hard for me to answer that question affirmatively. Even after 26 generations, we still feel the weight of the responsibility of preparing future generations for their challenges and passing on our family values. Yet, perhaps this commitment will lay the foundation for our success for generations to come.

Introduction

What are Family Offices in the MENA region?

Over the last two decades, the MENA region has witnessed a remarkable evolution in the way private and multigenerational wealth is managed, particularly in the Gulf countries.

This transformation has led to the emergence of various forms of single family offices in three key areas:

- Asset management for royal and princely families.
- Asset management following liquidity events, such as the sale of first generation businesses or tech business buyouts.
- Asset management for multigenerational family enterprises.

This report focuses on the last category, exploring the rise of single family offices amid ongoing multigenerational business operations. The term 'single family office' encompasses a wide range of structures, from simple, concierge-like services provided by individuals to large, professionally managed investment offices with significant assets under management.

Our survey provides unique insights into the current landscape, challenges, and prospects of family enterprises and their single family offices, highlighting their evolution, governance structures, and wealth outlook.

About this Report

This report offers a holistic view of the MENA family office sector, combining empirical data with expert analysis and personal insights. It provides a forward-looking perspective on its development.

The publication contains three interconnected sections:

Survey Results and Analysis

Interpreted by experts, the results of the survey, conducted with 34 single family offices from the region, offer a fundamental understanding of the current mindset of MENA single family offices.

Expert Commentary

Expert commentaries by H.S.H. Prince Hubertus von und zu Liechtenstein and Professor Josip Kotlar shed light on the global evolution of family offices and their economic roles. Single family office member and vice president Zaid Midani, provides insights into the transition of MENA family offices from operators to investors, while Abdullah Adib AlZamil, a third generation family office leader, discusses governance structures. Lastly, second generation CEO Haleema Humaid Al Owais shares her family's journey toward institutionalizing its wealth.

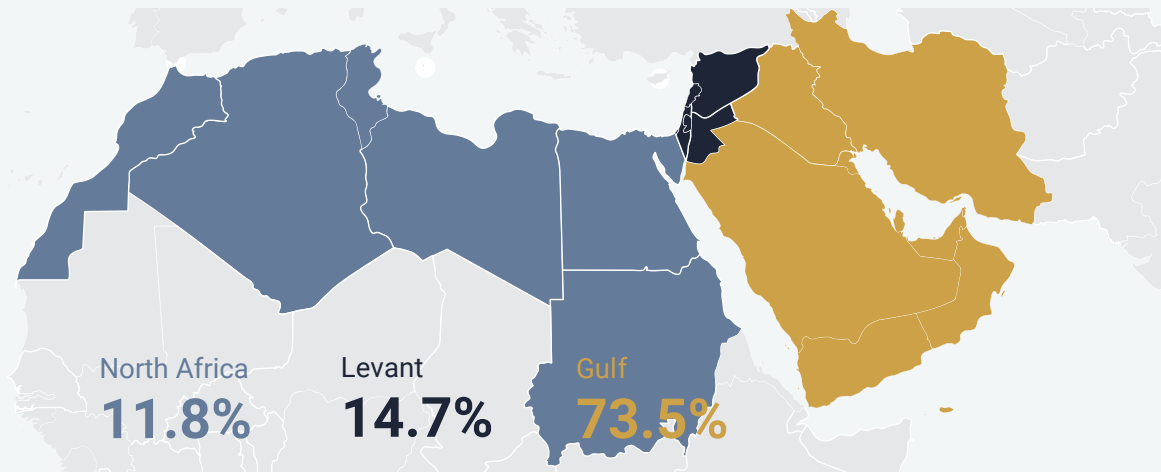
Conclusion and Outlook

The final section concludes the evolving model of family offices in the region, offering a comprehensive look at the future landscape.

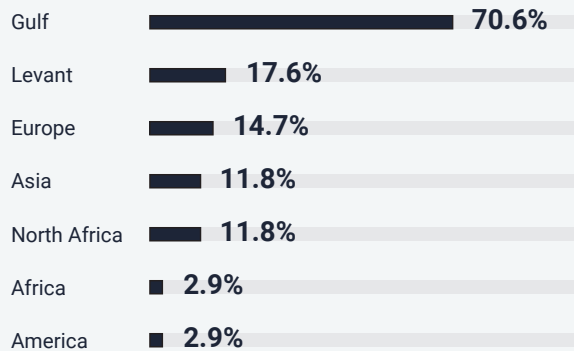
The Surveyed Single Family Offices – A Footprint

Geographical Distribution

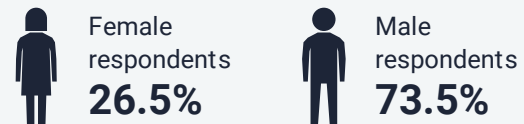
Country of residence of respondents to the survey :



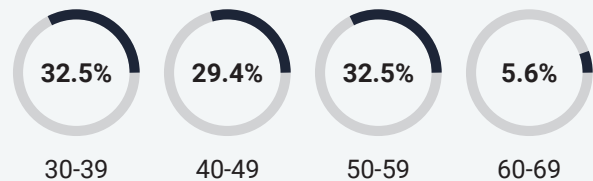
Countries where the Single Family Offices (or Family Enterprises) are registered (multiple choice)



Gender of Respondents

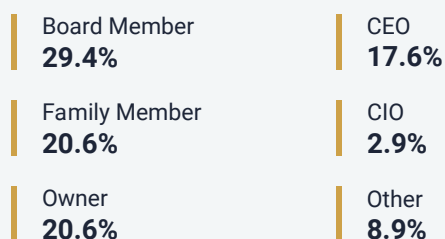


Age of Respondents

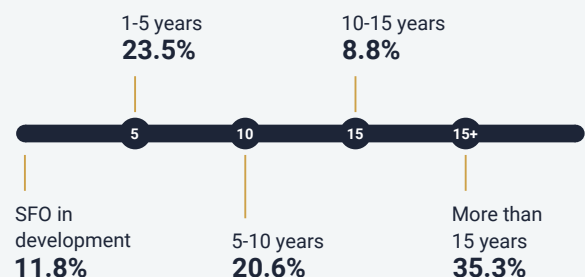


Roles and Designations

Roles and designations of survey respondents.

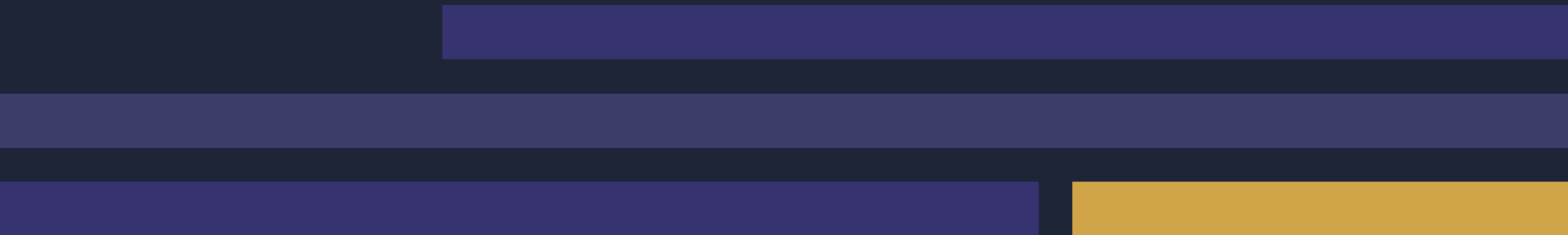


Years of Operation of Single Family Office (standalone or embedded single family office)





Evolution of the Single Family Office

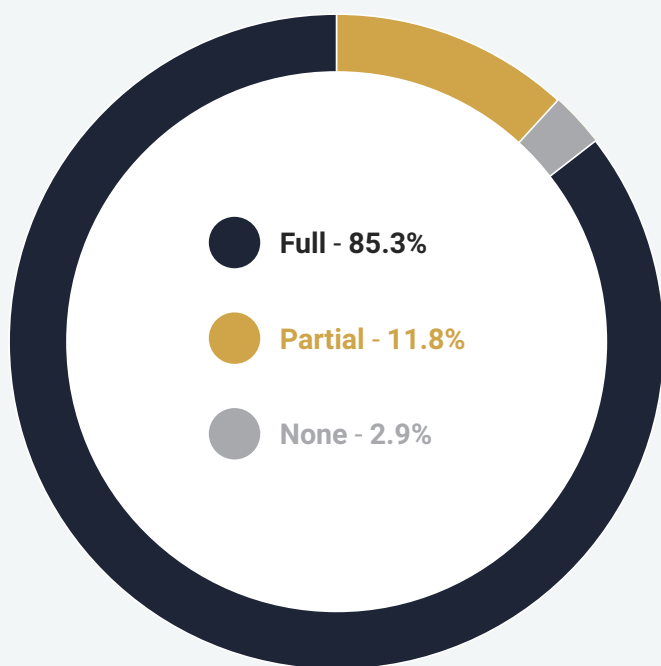
- The inception and objectives of single family offices in the MENA region.
 - Perspectives on the ownership and distribution of family wealth.
 - Influences shaping the formation of single family offices.
- 

MENA Family Office Survey Results

Evolution of the Single Family Office

In this section, we delve into the development of single family offices in the MENA region, examining their inception and objectives. The data provides distinctive perspectives on the ownership and distribution of family wealth and the influences shaping the formation of a single family office.

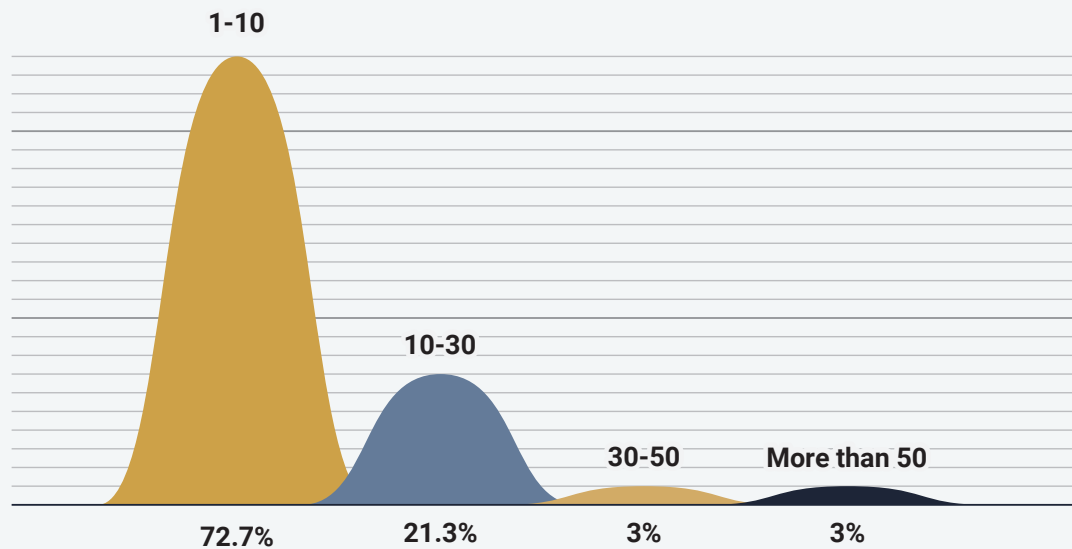
1. To what degree does the family still have ownership of the operating business(es) that generated the family's wealth?



Our survey indicates that a large majority of respondents retain complete control over their operating businesses, with 85.3% maintaining complete ownership. A smaller segment (11.8%) holds partial ownership, and a mere 2.9% have divested entirely from the family business.

In regions such as North Africa and the Levant, there have been few notable instances where families have entirely withdrawn from their longstanding family enterprises, selling to private equity investors or global corporations. In the Gulf states, the trend to divest completely is even less pronounced. While strategic moves may exist to list or sell off subsidiaries, the data suggests that families in these regions generally prefer to keep control and ownership of their core companies.

2. How many family members are current shareholders in the operating business(es) that generated the family’s wealth?



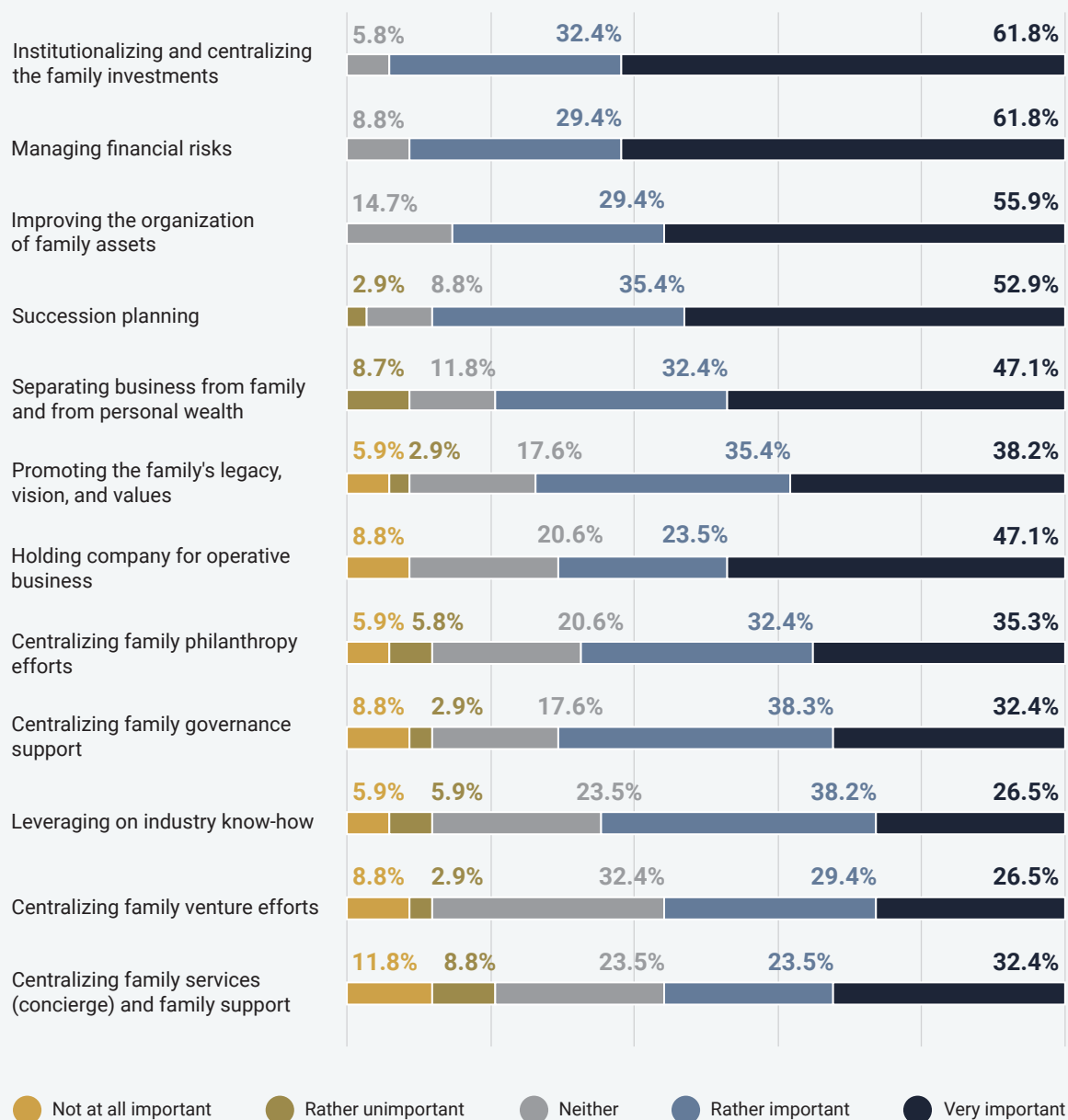
Although family sizes expand across generations, it is significant that the shareholding configurations of the operating MENA family businesses remain relatively concentrated. A significant majority (72.7%) report having between one and ten shareholders which illustrates the importance of maintaining a tight-knit group of shareholders despite the growing number of family members.

3. Are family members still actively involved in the management of the operating business(es) that generated the family’s wealth?



The data shows that among the respondents, the operating family businesses are not only fully or partially family-owned but also largely family-managed. 97% of respondents report that family members still manage the legacy family business.

4. To what degree were the following factors important reasons to establish a single family office?



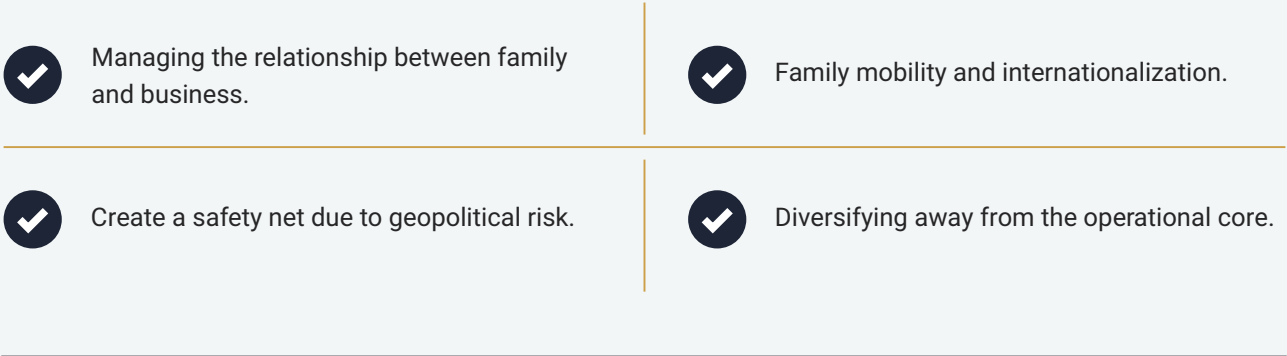
The top four most important reasons to establish a single family office were (rated as 'rather important' and 'very important'):

- Institutionalizing and centralizing the family investments (94.2%)
- Managing financial risk (91.2%)
- Succession planning (88.3%)
- Improving the organization of family assets (85.3%)

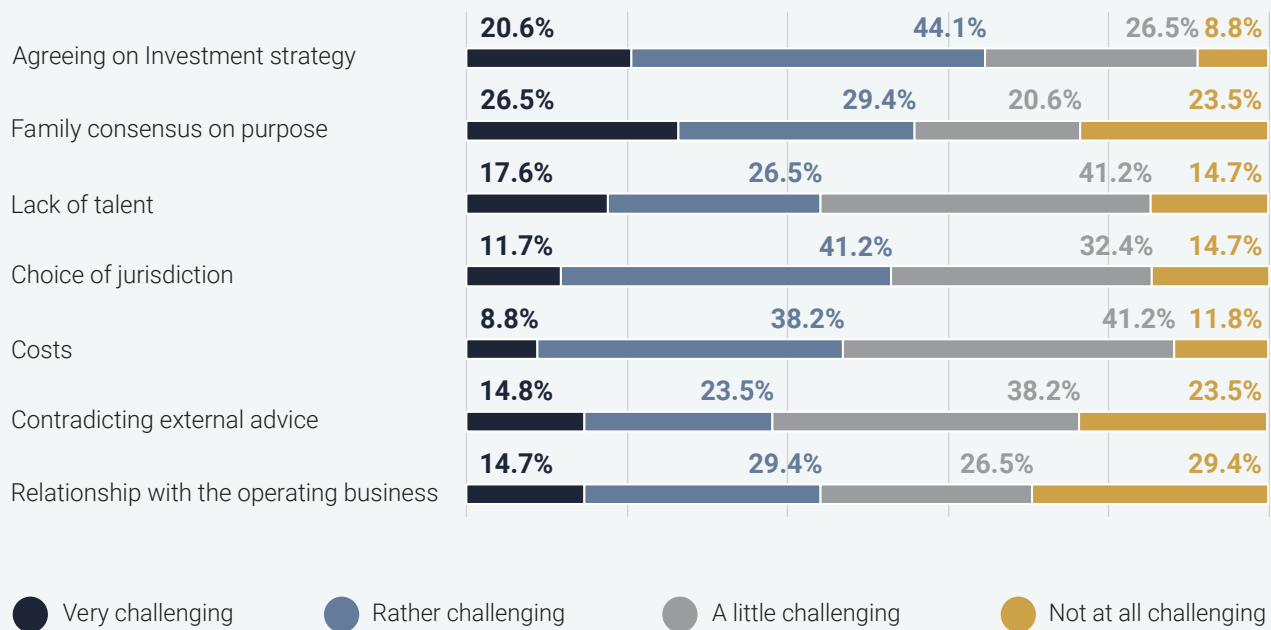
Interestingly, services such as personal concierge and the centralization of family entrepreneurial efforts rank lowest. However, the results highlight that the primary focus for MENA single family offices is on investment management, risk control, and the continuity of the family legacy.

5. Were there any other important reasons to establish a single family office?

When asked what other important reasons drove the establishment of the single family office, respondents answered the following:



6. When setting up your single family office, which of the following factors did you consider to be challenging?



Establishing a family office is often uncharted territory for the owning family, and securing alignment from all critical family stakeholders can be a considerable challenge.

The data reveals that among the complexities faced while establishing a family office, formulating a unified investment strategy stands out as either ‘very challenging’ or ‘rather challenging,’ at 64.7%.

Additionally, achieving a family agreement on the family office’s purpose presents a notable challenge for 55.9% of families.

More legal and technical challenges appear, with the third and fourth most prominent challenge being the choice of jurisdiction (52.9%), closely followed by costs considerations (47%).

The Evolution of the Single Family Office:

Embracing Diversity and Innovation

By Professor Josip Kotlar, Full Professor of Strategy, Innovation and Family Business, School of Management, Politecnico di Milano



The landscape of single family offices (SFOs) is an intricate tapestry that blends traditional wealth management with innovative strategies. The history of family capitalism in Italy and around the

world showcases individuals, in positions such as trustees, advisers and butlers, playing key roles in managing family assets. However, formal organizations

such as single family offices emerged in the United States during the second half of the 19th century. Originating from entrepreneurial families such as Rockefeller, Phipps, DuPont, and Pritzker, the concept gained global traction over the last two decades. During this time, the original idea of a family office has evolved substantially, adapting to different cultural and economic contexts and taking various forms, mirroring the fast-changing structures and goals of enterprising families worldwide.

The Journey of European Single Family Offices

Our research on single family offices in Italy reveals a dynamic ecosystem, echoing broader transformation trends of family businesses and business-owning families across Europe and other geographies. Exploring the evolution, diversity, and strategic innovations of single family offices helps us understand their role in aiding families in various ways, such as diversifying their wealth, engaging the next generations, and creating a positive societal impact.

In Italy and throughout Europe, the journey of the single family office is marked by significant evolution. Their roots in Europe trace back to the sophisticated management needs of aristocratic families. Since then, they have changed substantially. Most significantly, they have transformed from being primarily focused on traditional asset protection to having a much more diverse pool of financial and non-financial strategies in response to the complexities of modern economies. Furthermore, the growing awareness and education of young generations, the heightened need for risk diversification, complex family structures, and the increasing rate of equity sales are pushing single family offices to take a much more active role in entrepreneurship, social impact, and innovation. Our studies indicate a substantial growth in the number of single family offices in Italy over the last decade, also suggesting a burgeoning

interest in more structured and tailor-made approaches to wealth management.

A Diverse Landscape

Not all single family offices are the same. On the contrary, their diversity is striking, ranging from small to large, young to old, and national to international. Their priorities also differ. Our research identified four types of prominent single family offices in Italy: traditional “family safe” offices, family investment offices, dynastic family offices, and innovative family venture offices. Interestingly, our research highlights that single family offices do not emerge only in large multigenerational families, as was traditionally the case. The higher availability of qualified professional services and the lower transaction costs enabled by digital technologies make the single family office an appealing target for a growing number of smaller or younger entrepreneurial families. Single family offices should become more diverse in their operational approach, investment strategies, and governance structures, reflecting each family’s unique aspirations and challenges.

European single family offices appear somewhat different from those in other geographies. For example, in North America, they often adopt a more aggressive investment strategy than their European counterparts, influenced by the stronger entrepreneurial spirit of the

region. They also appear more structured in their philanthropic efforts and social impact approaches than European single family offices. On the other hand, European single family offices, especially those included in our research in Italy, express heightened attention to family tradition and values, and sometimes appear particularly innovative in combining business, investments, entrepreneurship, and social impact, embracing a broader vision of legacy preservation. Despite these general differences, a common thread unifies single family offices worldwide: good family governance. This is fundamental to ensuring the continuity and growth of families and their assets.

Trends and Future Growth

There are important trends shaping the evolution of single family offices. Above all, there is a noticeable shift in their purpose, transcending beyond mere wealth management structures to become platforms for broader family governance and legacy planning. This evolution is partly driven by the changing roles of family members, with newer generations bringing diverse perspectives and expertise, influencing strategic decisions and the overall direction of the family's wealth and business endeavors. Successful single family offices balance family influence with professional governance, ensuring efficient decision-making and risk management. They have adapted to the changing economic,

regulatory, and technological landscapes, integrating advancements for enhanced financial management.

Single family offices face various challenges, including rapid technological shifts and fluctuating economic conditions. The most successful single family offices have responded with innovation – for example, leveraging technology for better financial management and regulatory compliance. Additionally, many are capitalizing on growing entrepreneurial finance markets, taking an increasingly active role in entrepreneurial ecosystems. More generally, single family offices play a crucial role in helping enterprising families diversify their wealth and business activities. This diversification creates opportunities for the next generation to engage in and add value to family endeavors, ensuring long-term sustainability and growth.

While adaptability is crucial in maintaining resilience in dynamic markets, sustainability and impact are starting to take a pivotal role in single family offices' strategies, mirroring a societal shift towards responsible investment and younger generations' deeper concerns for environmental and social challenges. This trend is not only ethically driven but also rooted in financial prudence, as many family entrepreneurs – especially in multigenerational families – consider sustainability as part of their DNA and a foundational value guiding their strategic decisions.

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The most successful single family offices have responded with innovation – for example, leveraging technology for better financial management and regulatory compliance.

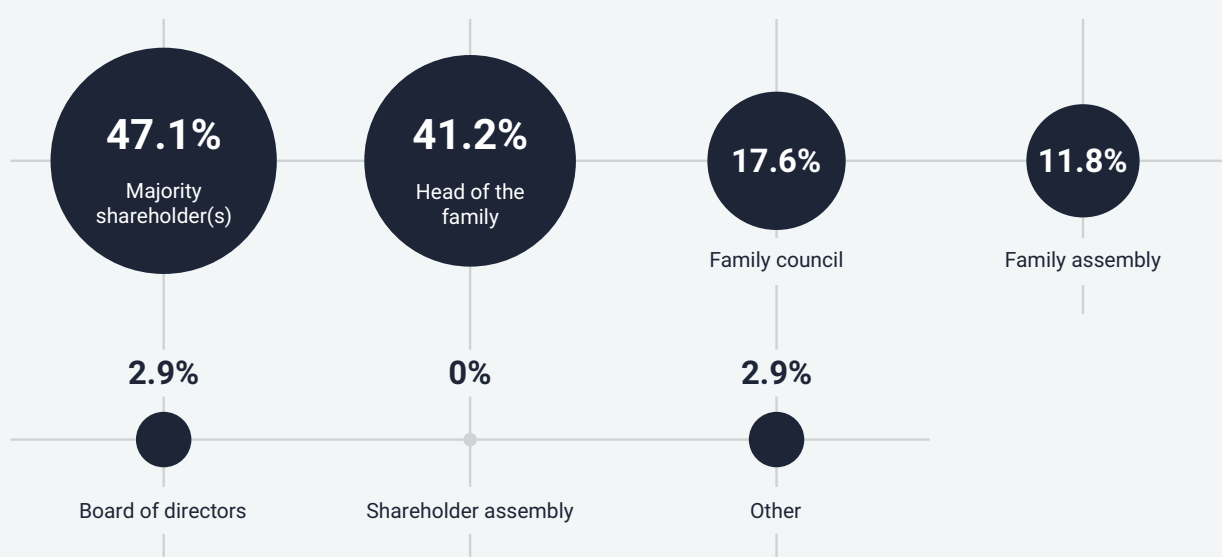
The future growth and development of single family offices hinges on adaptability, innovation, and diversification. As these institutions continue to evolve, they are likely to play an increasingly crucial role in wealth management and family governance, helping an increasing number of entrepreneurial families survive and thrive amid emerging trends and challenges in a rapidly changing world. Their diverse forms, from dynastic offices to venture-oriented entities, underline their importance in the economic and social landscape, as well as the need for good family governance to ensure the sustainable continuation of entrepreneurial families and their legacies.

7. Were there any other important challenges when establishing the single family office?

When asked what other challenges they experienced during the establishment of the single family office, respondents answered the following:

✓ Ensuring family governance is at the same level as corporate governance.	✓ Identifying the most suitable legal structure and implementing it.
✓ Ownership structure and decision-making between owners.	✓ Fiscal optimization.
✓ Capital allocation and dividend distribution.	✓ Local/national challenges and operating in very complex environments.
✓ Utilizing technology to monitor performance and manage assets.	

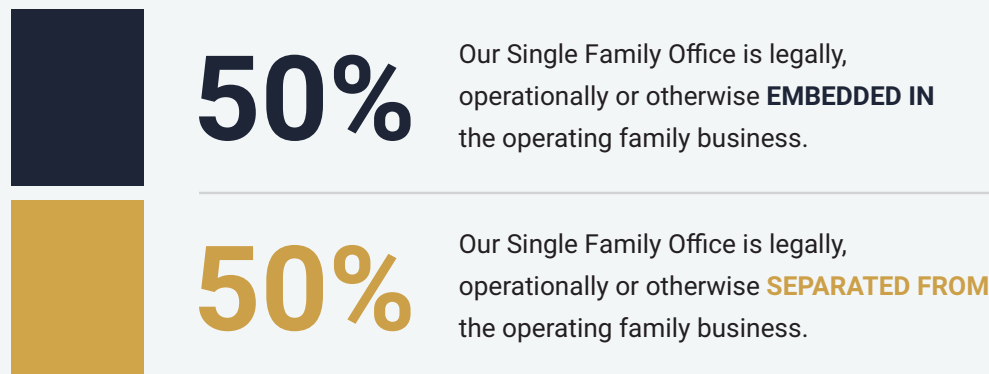
8. By whom was the decision taken to establish a single family office? (Multiple choice)



In forming a single family office, our analysis indicates that the decision-making process tends to be quite concentrated. In nearly half of the cases (47.1%), the majority shareholders decide on creating a single family office. Close behind, in 41.2% of instances, it is the family leader who decides. This suggests that the role of governance bodies, such as the family council, family assembly, or the board of directors, is comparatively limited in influencing this process.

This trend may point to the fact that the birth of a single family office is often not a sudden, strategic move but rather a gradual process. These single family offices may develop step by step without initially attracting much attention from formal governance structures. As a result, the primary decision-making tends to lie with the individuals holding the most shares or with the family head, highlighting a preference for direct control in the early stages of establishing a single family office.

9. Which of the following best describes your single family office?

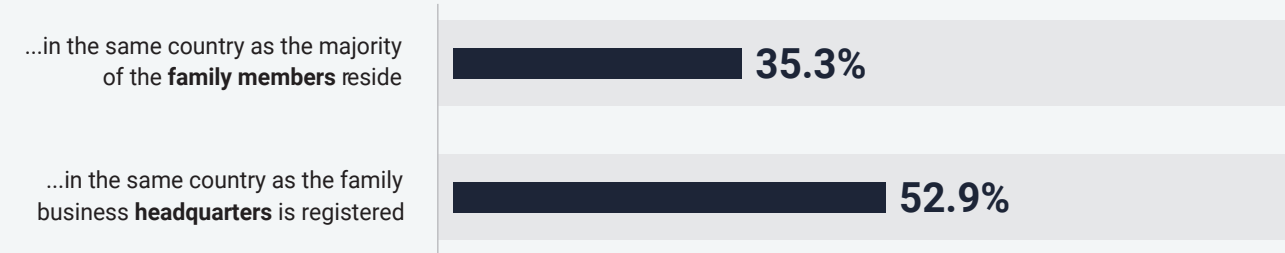


The decision between embedding a family office within existing corporate frameworks or establishing it as a separate legal entity is a pivotal consideration for families contemplating the creation of a family office.

The survey results reveal a balanced distribution, with 50% of respondents favoring an embedded family office and the remaining 50% opting for a standalone single family office.

This equal split is one indication of the varied approaches families take in structuring their offices, highlighting that there is no one-size-fits-all solution. However, deciding to create a standalone single family office does show a willingness to dedicate resources and separate the family office’s governance and legal structures from the operating business.

10. Is your standalone single family office legally registered...:

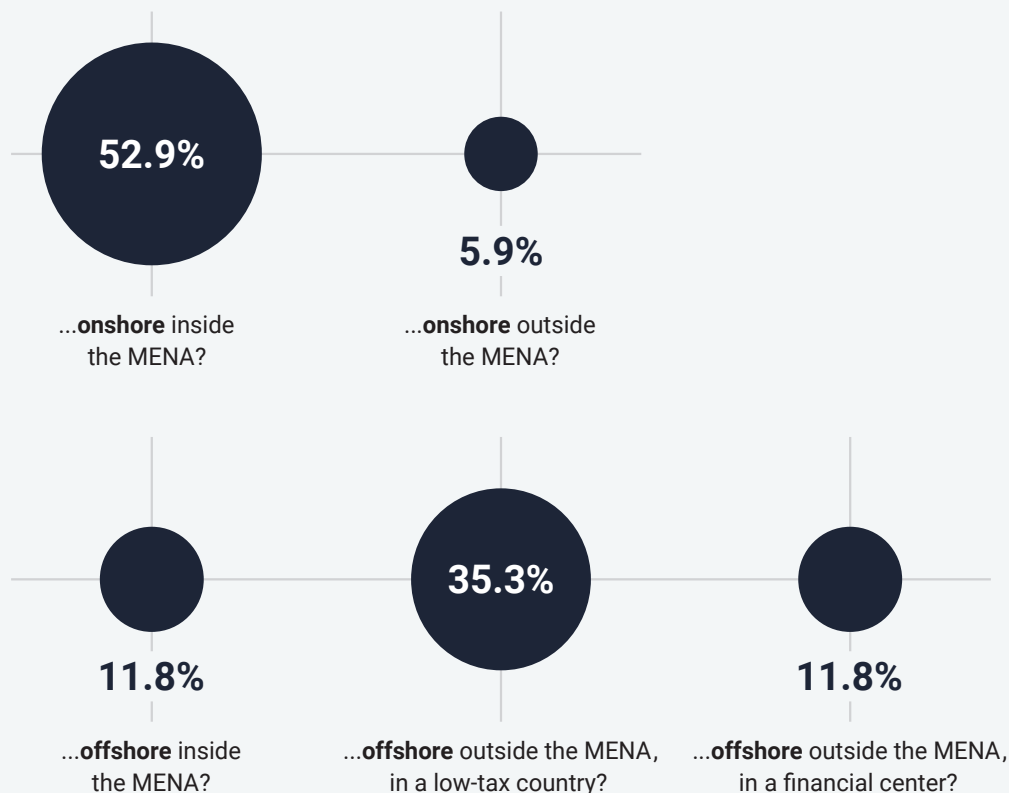


The data reveals that the majority of standalone single family offices maintain a close geographical connection to the operational family business. Specifically, 52.9% of standalone single family offices are situated in the same country as the family’s operating business.

Conversely, 64.7% of standalone single family offices are based in a different country than where

most family members reside. However, given the expansive nature of large regional family businesses, it is common for family members to be geographically dispersed, sometimes even on an international scale, which may be a reason for this disconnect. Another may be the strategic geographical diversification of the single family office due to the MENA risk landscape.

11. Is your single family office legally registered...:



A notable majority (52.9%) of standalone single family offices are legally registered onshore within the MENA region. This could be interpreted as a preference to stay within well-known, legacy jurisdictions.

Another significant proportion (35.3%) of standalone single family offices have opted for offshore legal registration outside the MENA region in a low-tax country. This decision likely mirrors global wealth management trends that seek to capitalize on established offshore jurisdictions' legal and fiscal efficiencies.

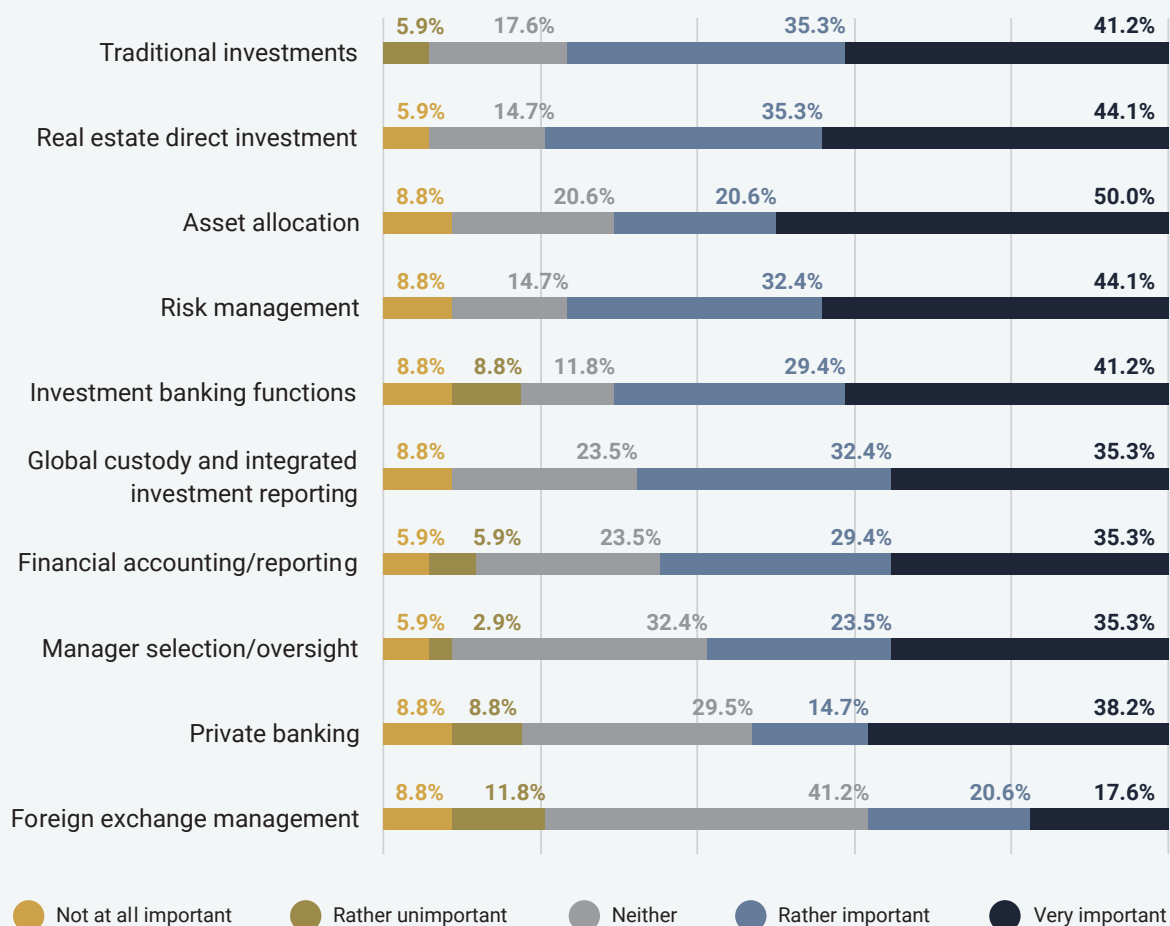
Offshore registrations of standalone single family offices inside the MENA region make up 11.8%. This suggests that, while less common, there is

a strategic segment of family offices seeking the benefits associated with offshore jurisdictions, such as the region's financial centers.

Another 11.8% of standalone single family offices are registered offshore outside MENA but in a financial center, which suggests they are seeking out a tailored approach to registration, perhaps facilitating regulated activities.

Finally, and in stark contrast, only a minority (5.9%) of standalone single family offices report onshore legal registration outside the MENA region. This could indicate that it can be challenging and less tailored or optimized for the needs of a MENA family.

12. What are the current functions of your single family office with regard to investment services?



Analysis of the current investment functions of single family offices shows three priorities:

Real estate direct investments emerge as the preeminent function, with 79.4% of single family offices concurring on their significance within the operational mandate. This reflects the unsurprising strategic emphasis on real estate as a tangible asset, aligning with a long-term asset preservation ethos prevalent among single family offices, especially in the Gulf countries.

Traditional investments hold a substantial majority of 76.5%. This also shows a continued reliance on traditional asset classes as a cornerstone of family office investment strategy.

Risk management is confirmed as an equally popular function of the single family office, with 76.5% of respondents viewing it as critical.

Foreign exchange management appears to be the least favored function, indicating that it might be a specialized service not universally managed by single family offices.

The Evolving Essence of Family-Owned Businesses in the MENA:

From Operators to Investors

By Zaid Midani, Vice President, Capital Guidance



In the heart of the Middle East and North Africa (MENA), where the sands of time have seen empires rise and fall, one enduring legacy has thrived for centuries – family-owned businesses.

These enterprises, deeply rooted in the region's rich cultural tapestry, are pillars of tradition, resilience, and significance. With a strong focus on familial relationships and trust, the region's societal structure and customs have long emphasized the importance of family unity, cooperation, and mutual support, providing a solid foundation for the growth and enduring continuity of family-owned enterprises.

Yet, as the world evolves and global economic landscapes shift, even the most steadfast institutions must adapt. In an ever-changing landscape, family-

owned businesses in the MENA region are embarking on a transformative journey – transitioning from being sole operators to becoming both operators and investors. This evolution concerns not only the corporate structures but also the values, vision, and characteristics at the heart of family businesses. It's a transition that honors the past while looking forward to the coexistence of tradition and innovation. A journey that celebrates the distinct features, challenges, and accomplishments of these MENA family enterprises, and the impact of their enduring values on investment decisions.

The Essence of Longevity and Navigating Transitions

Family-owned businesses in the MENA region have distinct characteristics that often differentiate them from their corporate counterparts. They prioritize long-term vision over immediate profitability, focusing on legacy, reputation, and sustainability. Unlike corporate entities fixated on quarterly earnings,

these businesses make decisions that consider their families, communities, and heritage. Their unwavering commitment to local communities goes beyond corporate social responsibility, however. Owners genuinely support social causes, enhancing the well-being of their regions through funding education, healthcare, regional development, and climate change initiatives.

Family businesses' unparalleled understanding of local markets, cultural nuances, and regional dynamics provides a competitive edge. Swift adaptation to market changes and enduring relationships with customers and suppliers, built on trust, form the foundation of their operations. Family ties foster loyalty among employees, creating an environment where they feel valued and part of a more extensive family network. This sense of belonging ensures stability, reduces turnover rates, and cultivates a dedicated and motivated workforce.

However, despite these advantages, family-owned businesses often encounter challenges with generational transitions. Succession planning, as well as the transfer of leadership and wealth, are complex, requiring a delicate balance between preserving legacy and adapting to modern business practices. A lack of planning poses a significant risk, potentially resulting in financial loss and legal disputes. Successful businesses navigate these challenges through structured governance mechanisms, establishing clear communication and seeking external advice. Professional management practices, including encouraging family members to gain external experience, are also crucial for adapting to modern business requirements.

In addition to these factors, there is another societal transformation impacting family enterprises: embracing gender equality is not only socially responsible but also strategically beneficial for family-owned businesses. Women in leadership roles bridge the gender gap, bring fresh perspectives, and enhance the business's strength by tapping into diverse talent, thereby contributing to its success and longevity.

The Transition: From Operators to Investors

Traditionally, MENA family businesses focused on day-to-day operations and immediate profits. However, as the global economy evolves, many are opting to move towards an "operator and investor" approach, transitioning from operating only to incorporating both roles simultaneously. This shift often aligns not just with generational changes, with the younger generations bringing new perspectives and desires to diversify or invest in new ventures, but also with the demands of an increasingly complex market place.

The decision to adopt an "operator and investor" structure depends on strategic goals. Families envisioning expansion into new industries or asset classes may allocate resources to investment opportunities. As family businesses mature and achieve financial stability, consideration of diversification into investments becomes pertinent. Family businesses transitioning into this structure have started creating separate investment management systems. This decision, based on the family's goals, values, and circumstances, mitigates risks, fosters diversification, and enhances governance. One solution for family

businesses in the MENA region for efficient oversight is setting up a single family office, providing professional expertise, holistic wealth management, customized solutions, efficient administration to the family and its business interests, and can offer assistance with succession planning. The impact of family businesses on the regional investment landscape is profound and multifaceted. One key aspect is their unwavering commitment to a long-term vision that places emphasis on legacy and sustainability. Unlike some short-term-oriented enterprises, family businesses approach investments with an eye on the future, aligning their financial strategies with broader, enduring visions. Their strong ties to local communities are also pivotal in shaping investment decisions.

This deep connection fosters a commitment to community engagement, prompting choices that yield financial returns and contribute positively to regional well-being. Furthermore, the unique advantage of possessing an in-depth understanding of local dynamics empowers family businesses to navigate the complexities of local markets and cultural intricacies with finesse, thereby influencing their investment choices to reflect an appreciation for the specific nuances of the regions they operate in.

Conclusion

The journey of family-owned businesses in the MENA region unfolds as a captivating saga of tradition, resilience, and adaptation. These businesses, intricately woven into the region's cultural fabric, are transforming from sole operators into a dual role of operators and investors. However, navigating this transformative journey requires recognition that, without

proper governance and an openness to change, the path forward may pose challenges. The hurdles of generational transitions and governance should be met head-on with strategic planning, the adoption of professional management practices, and a growing commitment to gender equality. These proactive measures are pivotal in ensuring the continued prosperity of family-owned businesses amid the rapid evolution of the modern business landscape.

Looking ahead, the future of single family offices in the MENA region aligns with international trends, foreseeing a potential surge in families exclusively concentrating on investment through dedicated single family offices. Yet, the landscape is poised to maintain a delicate equilibrium, with operating and investing structures coexisting. This refined approach exemplifies a strategic fusion of wealth preservation and growth. The expectation is that this dynamic balance will endure, reflecting the MENA region's distinctive philosophy towards wealth management.

Essentially, the narrative of family-owned businesses in the MENA region is not merely a historical account but an ongoing story of evolution and adaptation. The strategic choices made today, particularly in embracing innovative governance models and fostering inclusivity, will shape the trajectory of these businesses for generations to come. As family businesses in the MENA region continue to carve their path, the blends of tradition and modernity, and resilience and innovation, stand as a testament to their enduring significance in the ever-changing global economic landscape.

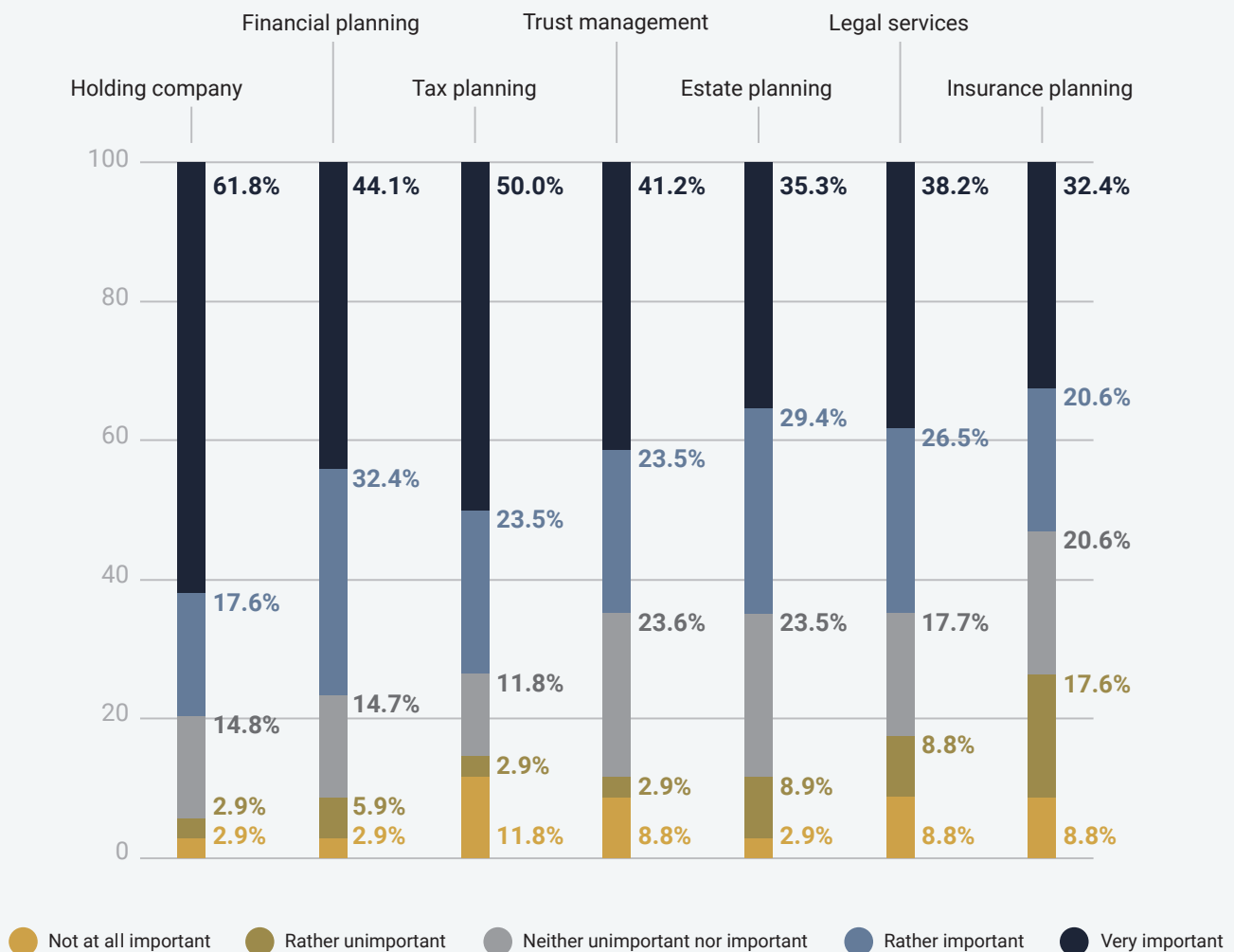
Best Practice for MENA Single Family Offices

As family-owned businesses transition into both operators and investors, certain traits are crucial for effective investment decision-making:

- ✓ **Financial Acumen:** Understanding finance, risk assessment, valuation, and financial analysis.
- ✓ **Risk Tolerance:** Evaluating and managing risk effectively to balance potential returns.
- ✓ **Long-Term Perspective:** Patience and alignment of investments with long-term family goals.
- ✓ **Diversification Strategy:** Grasping the importance of diversification to manage risk across investments.
- ✓ **Communication Skills:** Conveying investment strategies, rationale, and progress within the family.
- ✓ **Conflict Resolution:** Navigating conflicts constructively to maintain family harmony.
- ✓ **Due Diligence:** Conducting thorough research and analysis of potential investments.
- ✓ **Adaptability:** Adjusting strategies based on changing market conditions.
- ✓ **Legal and Compliance Knowledge:** Ensuring compliance with legal and regulatory requirements.

Transitioning from an operating-only family business to an operator and investor structure necessitates careful planning, communication, and alignment of family goals. Seeking external advice from financial advisers or consultants is often advisable for a smooth shift. This evolution reflects family businesses' adaptability to change while upholding traditions and values, contributing to the prosperity of the MENA region for generations.

13. What are the current functions of your single family office with regard to legal and tax services?



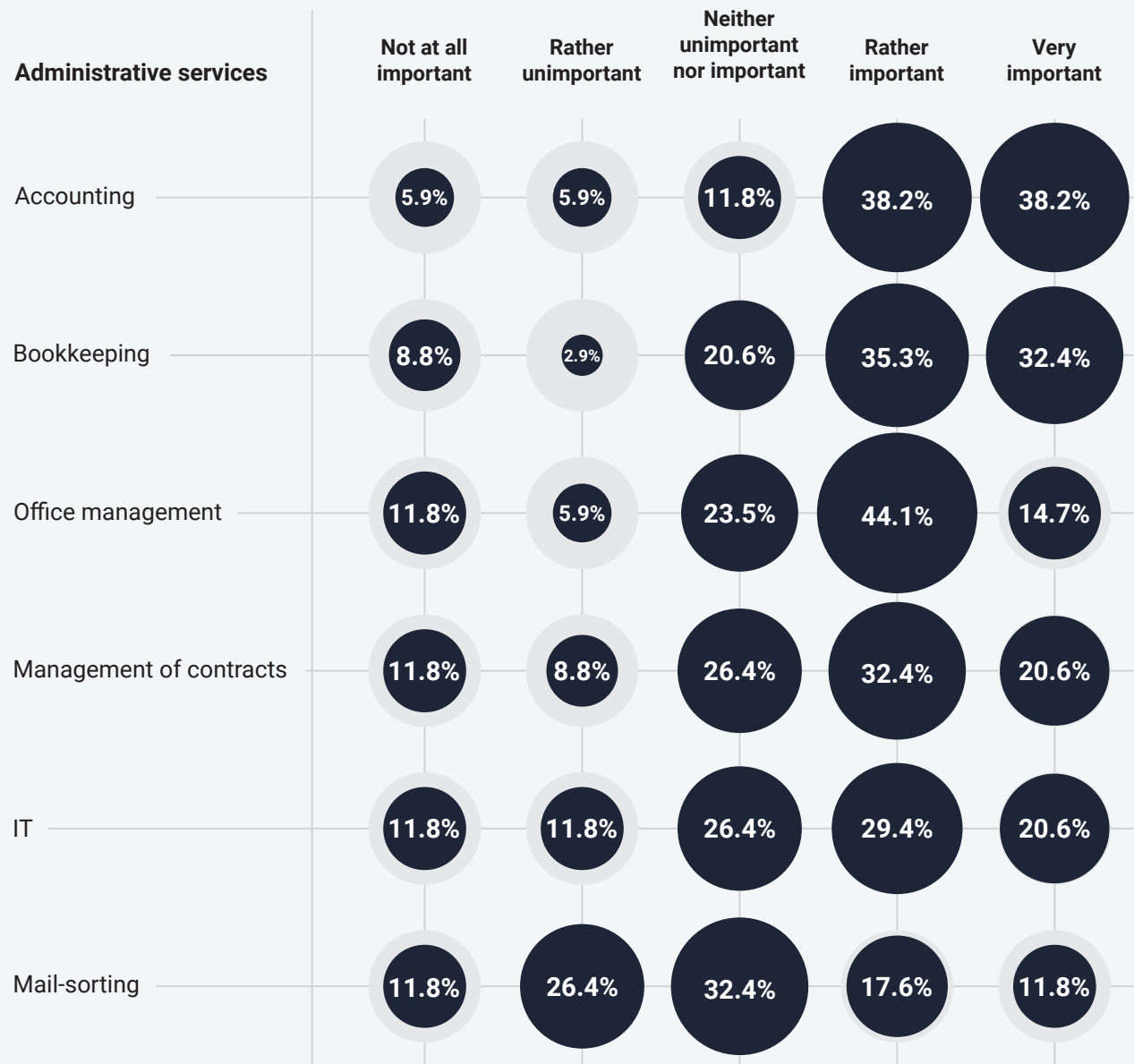
Based on the roles of the single family office in relation to legal and tax services, the results highlight the following top three priorities:

With 79.4%, representing the holding company structure is valued as the most significant function of the single family office. This reflects the increasingly common practice among MENA family offices of using holding companies as a strategic tool for managing and controlling family assets.

Financial planning is also a top priority, with 76.5% of family offices agreeing on its importance. Financial planning is clearly central to a family office's role in safeguarding and growing the family's wealth.

With the tax landscape changing, particularly in the Gulf countries, tax planning is of significant focus for 73.5% of family offices.

14. What are the current functions of your single family office with regard to administrative services?



The top three administrative functions of the single family office are as follows:

- 76.4% of respondents indicated that accounting is a fundamental service their single family offices offer.
- 67.7% consider bookkeeping and maintaining accurate financial records a priority for single family offices.
- The third most common function is office management, with 58.8%.

15. What are the current functions of your single family office with regard to governance and family services?

Many single family offices play critical roles in the overall family business governance system. The following functions were seen as priorities:

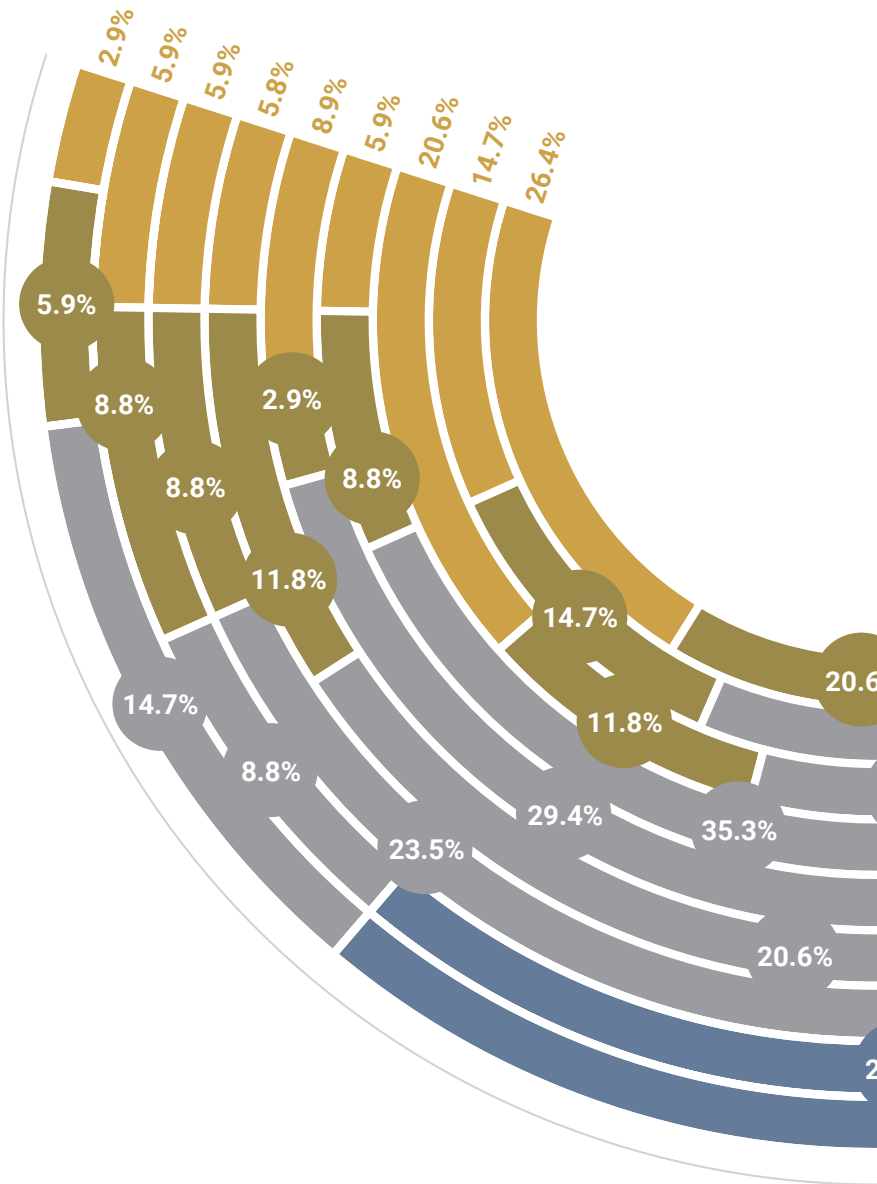
76.5% of respondents agree that succession planning is a priority. This suggests that ensuring the smooth transition of wealth and roles to future generations remains of paramount importance to MENA families and that they use the family office as a tool to support this process.

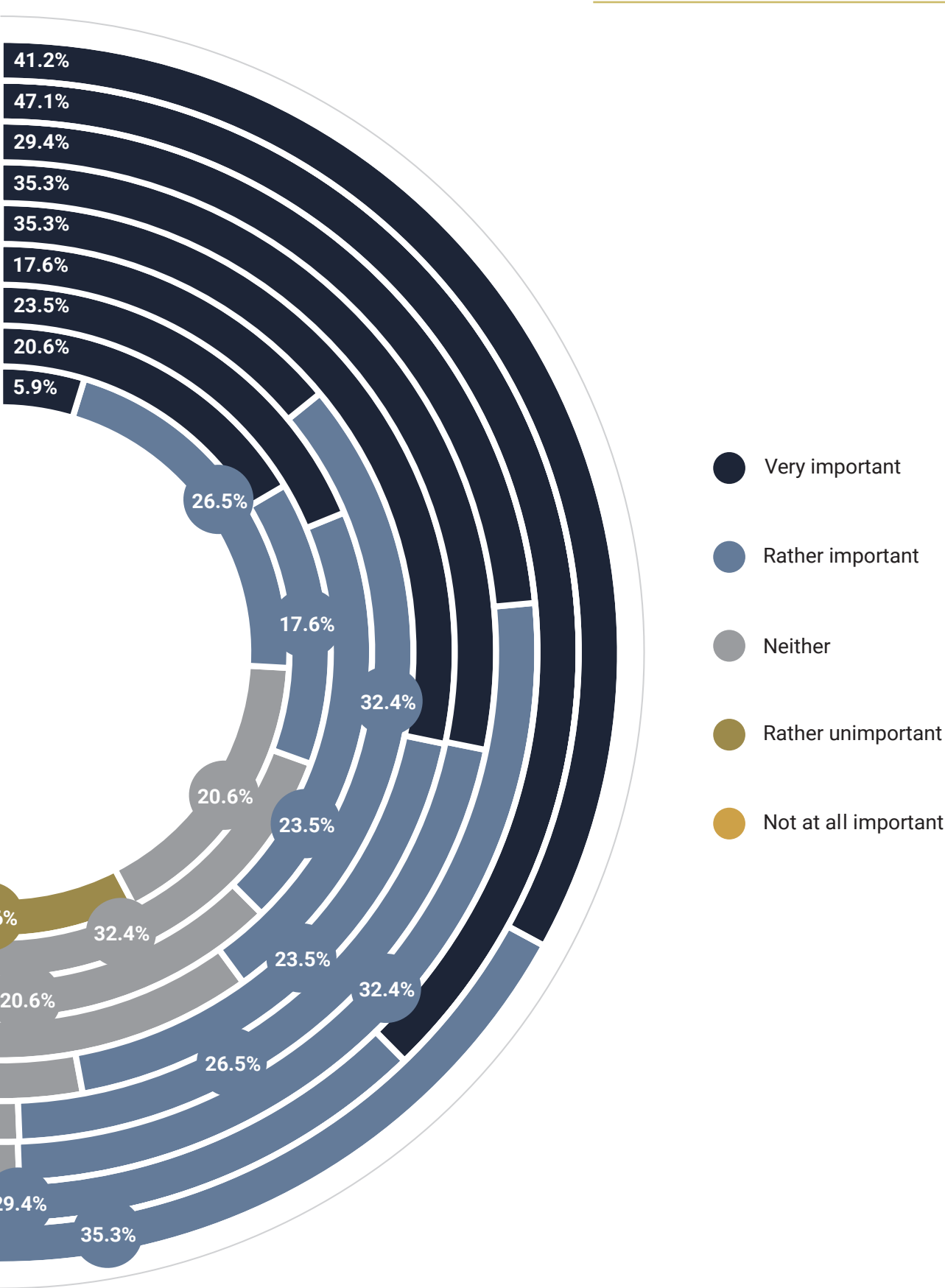
With 76.5%, family governance was identified as another key function of the single family office. This strong response implies that owners consider their single family office as a key part of the family governance system.

61.8% of respondents value cross-generational communication and next-generation mentoring as important functions of the single family office. This is closely followed by philanthropy, with 58.8%.

Government and family services

- Succession planning
- Family governance
- Cross-generational communication
- Next generation mentoring
- Philanthropy
- Management of high-value physical assets
- Concierge services and security
- Education planning
- Family counseling










Governance and Decision Making

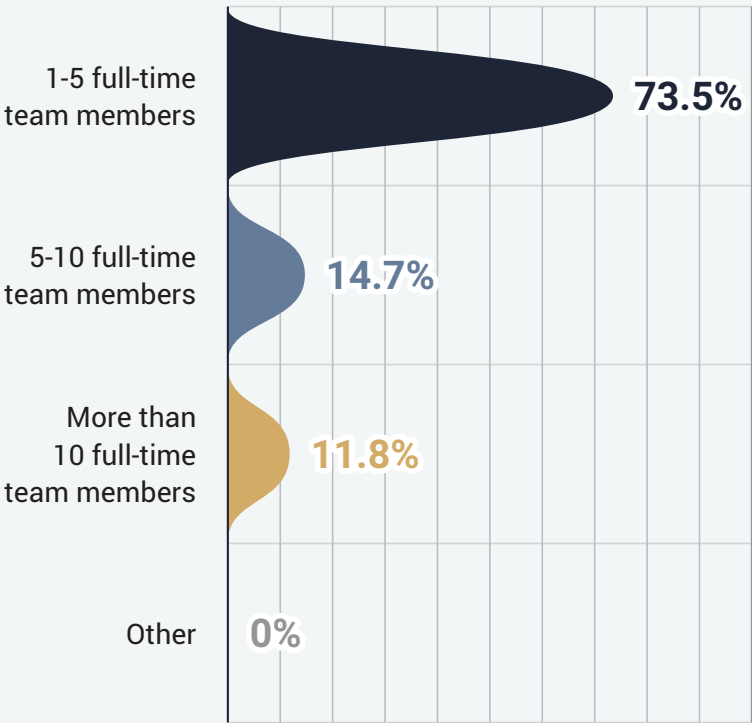
- Emerging governance frameworks in family offices and distinctive regional characteristics.
 - Primary governance bodies, policies, and tools utilized within single family offices.
 - Insights into the talent pool of family members and non-family members.
- 

MENA Family Office Survey Results

Governance of Single Family Offices

This section examines the emerging governance frameworks in family offices and explores distinctive regional characteristics. The findings underscore the primary governance bodies, policies, and tools utilized within single family offices and provide insights into the talent pool among family members.

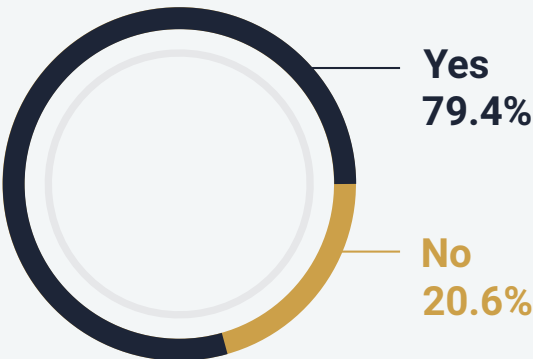
16. How many full-time members does your family office team consist of?



The data indicates that 73.5% of single family offices are staffed by a compact team of one to five full-time members. This is not unexpected, especially considering that half of the family offices surveyed are of the embedded type, which tend to operate with a narrower scope and a very specific set of responsibilities. Embedded family offices may also use resources from the operating enterprise, reducing the need for full-time staff.

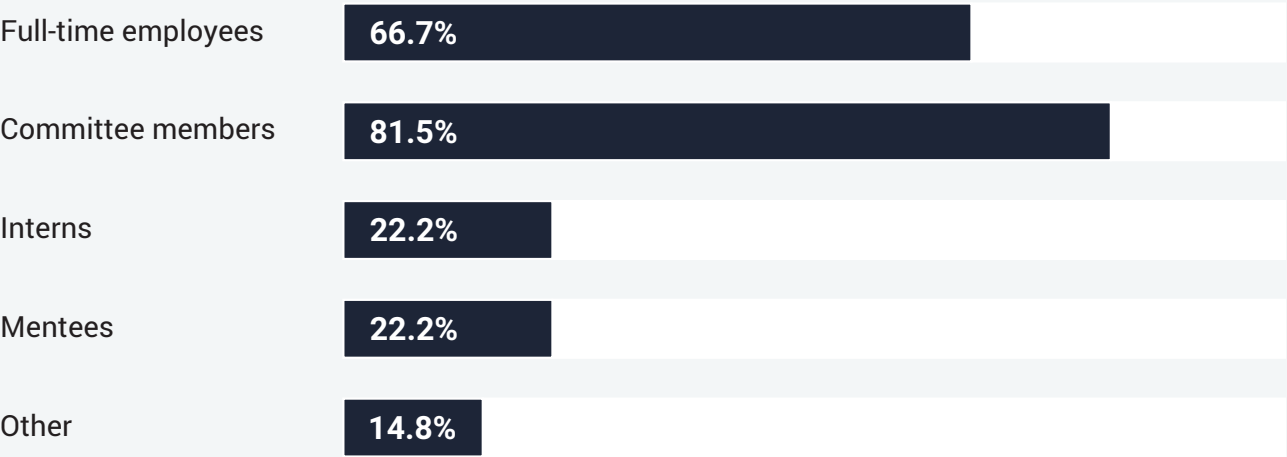
Nevertheless, it is important to note that there is a segment (11.8%) that is characterized by a more extensive workforce, employing upwards of ten team members.

17. Do any family members work in the single family office?



The survey indicates that an overwhelming 79.4% of single family offices include family members as part of their workforce. This substantial figure suggests an inclination for family members to engage in the family office’s activities beyond the core business operations. It also reflects a preference for keeping the stewardship of the single family office within the family circle, ensuring that its management and control remain closely held.

18. In which of the following functions do family members work for the single family office?



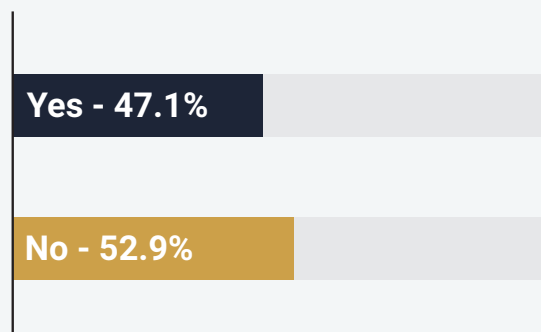
Our data shows the strong presence of family members in both the governance and operational aspects of their single family offices.

At 81.5%, committee membership is the most popular way of engaging with the single family office, suggesting that family involvement greatly focuses on oversight and strategic decision-making roles.

However, most family members (66.7%) engaged in the single family office also serve as full-time employees, indicating active, day-to-day involvement in the operations of the family office.

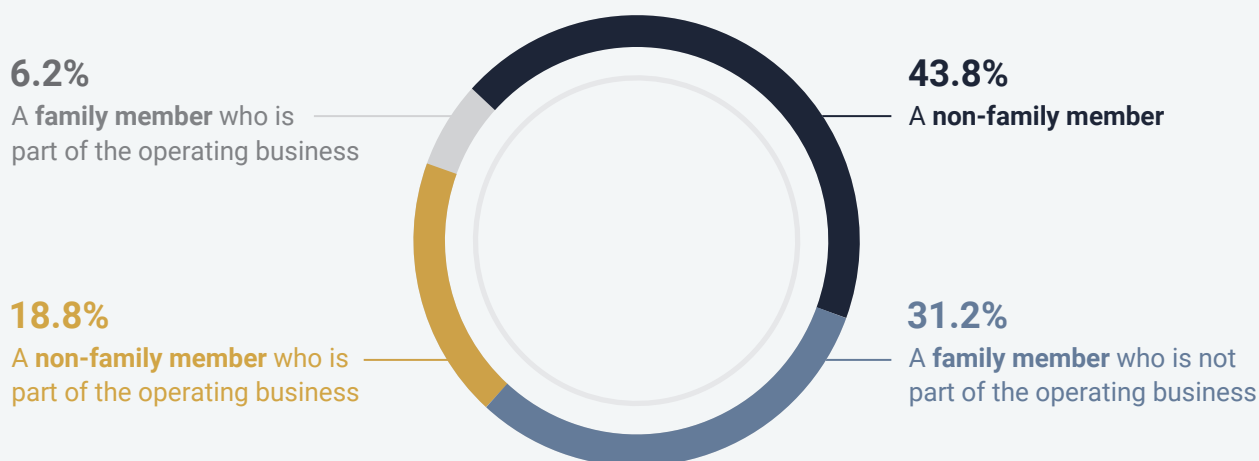
The roles of interns and mentors each account for 22.2%, reflecting a relatively minor involvement for the youngest generations.

19. Is there an internal Chief Investment Officer (CIO) at your single family office?



The data reveals that just under half (47.1%) of single family offices have a designated Chief Investment Officer (CIO). This suggests that, within the majority of single family offices, the responsibility for investment decisions is dispersed among other staff members or family members or handled by investment committees.

20. Which of the following best describes your single family office Chief Investment Officer (CIO):



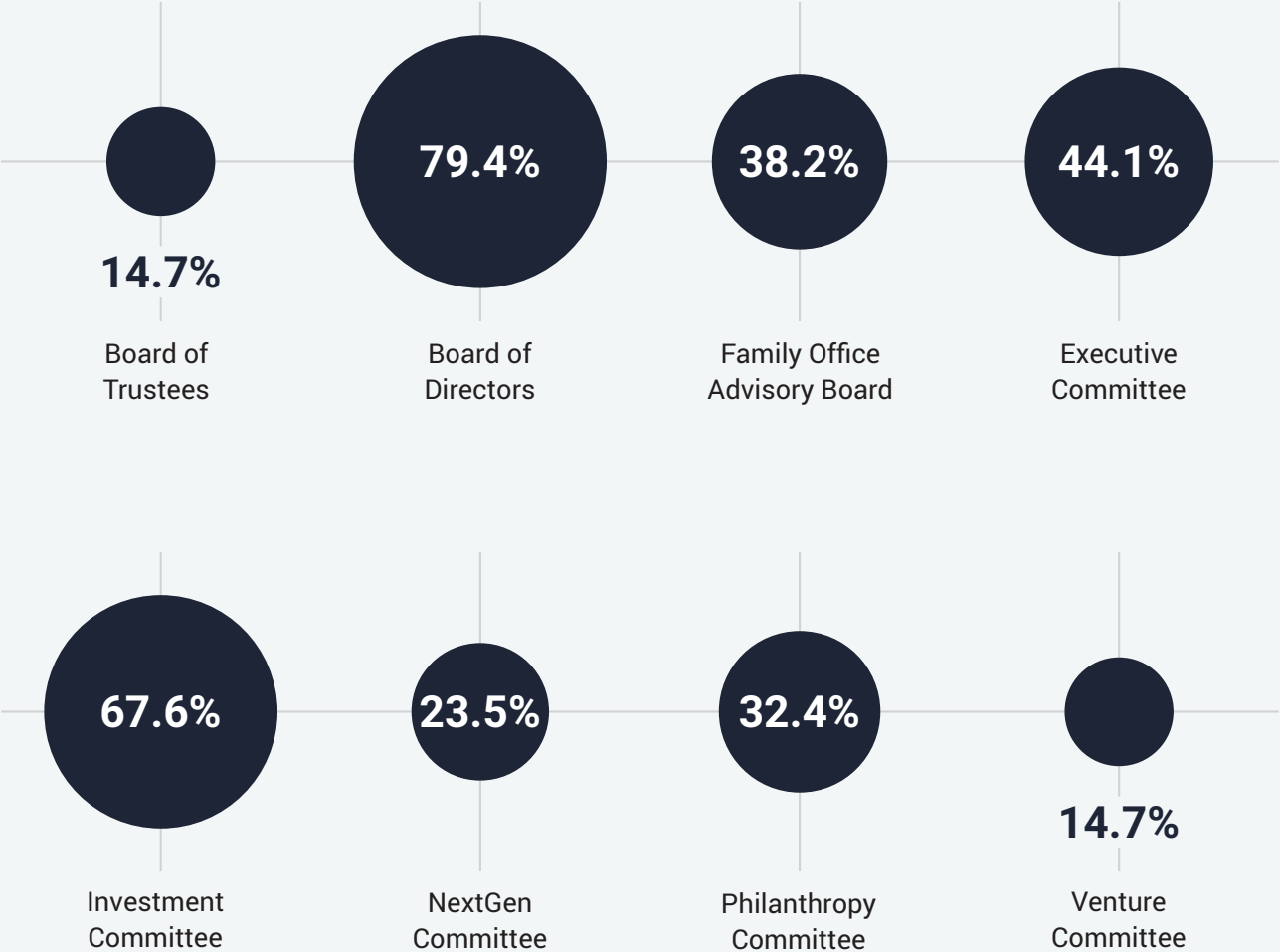
Regarding single family offices with a CIO, the majority surveyed (43.8%) have chosen to employ someone from outside the family for this role. Meanwhile, 31.2% of single family offices have filled the CIO position with a family member who is not actively involved in the core family business.

A smaller portion, 18.8%, rely on a non-family member who is also engaged in the family's operating business.

Lastly, only 6.2% have a CIO who is both a family member and actively involved in the family business.

These figures reflect a diverse approach to the key role of managing investments, ranging from relying mostly on family involvement to an approach based on external expertise.

21. Which of the following governance bodies exist in your single family office?



The majority of surveyed single family offices have focused on two key governance bodies:

A Board of Directors is present in 79.4% of single family offices, making it the most common governance body.

An Investment Committee can be found in 67.6% of single family offices, indicating a strong focus on

investment oversight.

However, while the focus on Boards of Directors and Investment Committees shows a preference for traditional corporate governance and investment management structures, the respondents indicate incorporation of next-generation perspectives and a budding approach to venture activities.



The Governance of Family Offices

*Interview with Abdullah Adib AlZamil,
Managing Director, Zamil Private Office*

The Middle East is experiencing a transformation in the management of family wealth. Many families are currently reevaluating long-held investment strategies and identifying opportunities for significant growth in areas that both complement and diversify their core business activities. With this developing approach has come not just the need for the establishment of new structures to carry out those strategies, but also the need for the development of governance systems to

manage these new entities and to build a better understanding of the operational realities that come with managing a single family office as an independent business.

Abdullah Adib AlZamil is Managing Director of the Zamil Private Office – a single family office with activities in private equity, real estate, and personal family investments. He is also a featured contributor to the book “Family Offices: The STEP

Handbook for Advisors”, a practical family office guide prepared in association with the world’s leading organization for private wealth professionals.

Since taking over the family office, you have done a lot of work on restructuring and streamlining its operations. Based on your experience, what are some of the key questions family firms in MENA should ask themselves when developing a governance structure for their single family offices?

I believe that seven specific questions can help families address most aspects of developing a governance structure for their single family office.

The first is: What is the purpose of your single family office? The answer needs to be very clear and honest so that family members are aligned on exactly why the family office exists. The second question centers on who should be put in charge of the single family office: The family needs to define clearly, who is best equipped to carry out the objectives established when identifying the purpose of the family office. Once we have established the “why” and the “who”, only then should we ask ourselves the third question: Where should the single family office be located? This can be a very technical question and requires a lot of reflection, as there are legal and regulatory points to consider, as well as practical ones, such as talent retention, proximity to the family business, access to the investment ecosystem and tax considerations. The family’s investment activities will rely on having a dedicated team whose access to the office will be critical.

The next consideration for families involves determining the legal structures they will

need to set up to carry out their investing objectives. Will a company, fund, foundation, trust, or a series of companies best serve their needs? Of course, any decisions regarding the legal structure should be in service of the fulfillment of the purpose of the family office. Moving on to the fifth question, attention should be given to the overall family governance structures. Family governance lays the foundation for building consensus and taking decisions for all areas the family is involved in – the operating business, its philanthropic work, social activities, as well as of course the family

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The first is: What is the purpose of your single family office?

The answer needs to be very clear and honest so that family members are aligned on exactly why the family office exists.

wealth. The existence (or non-existence) of family governance structures will greatly influence the set-up and operation of the family office.

The sixth area to be tackled is the corporate governance of the family office itself and how oversight over the operations will be organized. Families will have to decide what types of boards or supervisory functions will be needed, and who will be members of the C-suite, if one is necessary. Owners must

determine what committees they will use – an investment committee, a remuneration committee, maybe an executive committee – depending on the type of the family office and the complexity of their activities. This all speaks to accountability and ensuring that everyone is responsible for their actions and rewarded for their successes. And the last question: What will the internal processes and controls be for the activities being conducted? Will a single person make trades based on their assessment of the market on any day, or will there be a formal process with more documentation and higher transparency? In order for the family office to implement the principles of governance, a full set of corporate documentation is required. This will include articulating the purpose behind investing, preferred asset classes and allocation and many other details relevant to the operation of the family office.

Your family was amongst the first family enterprises to set up a single family office in the region. How has the relationship between your family and its single family office changed over the years?

Many families in the region operate their single family offices as simple investment channel that they don't actively run as a business. Our own single family office went through an evolution of around 50 years from its early inception to today's structure. However, it was in around 2010 that we fully established an independent team to operate the single family office more like its own business and less like a side activity of our core business. I believe it's a move that mirrored the

trend occurring in the region over the last decade or so. There was a long period where international investment was largely a hedge against market or other volatility. Currently, however, an increasing number of families are leveraging their single family offices as independent businesses for funneling both revenue and innovation.

What strategies or principles do you believe contribute to effective decision-making when establishing or running a single family office?

We've been fortunate to have evolved gradually and naturally into our single family office activities. Our strategy typically revolves around three- to five-year periods where we watch the structures we've put in place develop, then begin our decision-making process concerning the next few years. The system mirrors our family culture: we don't try to over-design something and then attempt to fix it when it unravels.

The approach requires a lot of patience, particularly in the investment world. It can take time to see results, even decades, so it's crucial to believe in the process and allow each activity to mature for a complete picture to materialize. Every family will advance its unique strategy but, universally, I believe that putting the best people in place who are incentivized and excited about deploying the family's strategy is imperative for securing success.

What opportunities or challenges exist when involving family members in the

single family office, especially concerning succession?

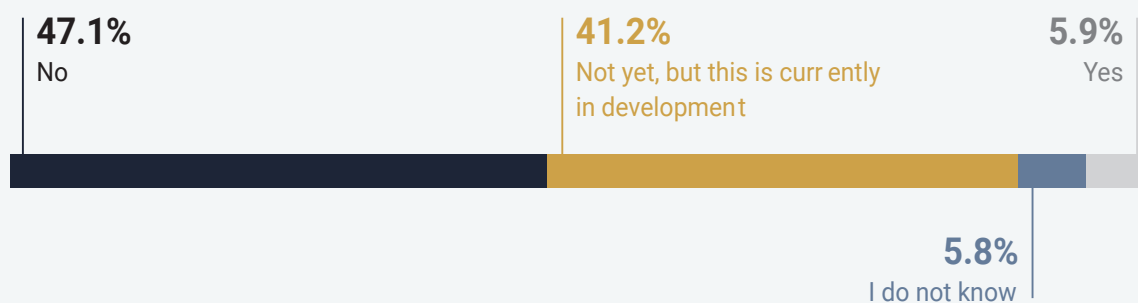
Succession is often contingent on the availability of qualified individuals. For larger families, the most suitable family or non-family candidate is promoted to a role that aligns with their skills and capabilities, mirroring the process in any other organizational setting. I think one caveat to this process is that large families should bring into play decision-making bodies (family council, family executive committee, family management, etc.) that are served by family members to represent the family and its wishes. I'm not suggesting involvement in the economic activity; rather, governance that ensures shareholder desires are articulated while overseeing the operation. I believe what goes on under this oversight mechanism should be merit-based whether family members or non-family members are involved. Single family offices that operate as a business would benefit from this type of structure when considering succession or family involvement.

Whichever approach families take, they must first and foremost know why they want to set up a single family office and understand the differences between each type of single family office. There's no "right way" to run a single family office, but if it is set to be profitable it should operate like a business and be seen as a business. Ultimately, families should be guided by the same principles that have brought them to the point of success in other endeavors.

Seven steps of the Family Office Governance Journey

- 1 What is the purpose of the single family office?
- 2 Who is in charge?
- 3 Where should the single family office be located?
- 4 What legal structure will the single family office need to have and its jurisdictions?
- 5 What family governance structures need to be set up?
- 6 What do the corporate governance structures look like?
- 7 What are the internal processes and control systems to establish?

22. Do your single family office governance policies take ESG standards into account?

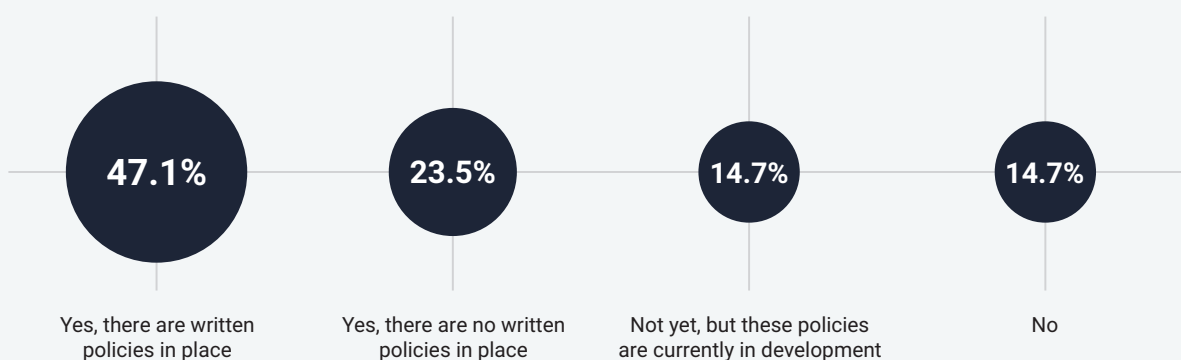


The survey reveals a notable divide in the approach to ESG standards within MENA family offices. For 47.1% of respondents, ESG criteria do not play a role in shaping the governance policies of their family offices. Conversely, 41.2% acknowledge that while ESG standards are not currently implemented, they are in the process of considering or developing them.

This near-even split reflects a polarization in the

perception of the relevance of ESG principles in ensuring sound governance practices. The data suggests that, while some family offices remain unconvinced of the ESG merits, a significant portion is open to integrating these considerations in the future. Given the ongoing shifts in global regulatory frameworks and increasing emphasis on sustainability, it is plausible that the stance regarding ESG in family offices may evolve in the coming years.

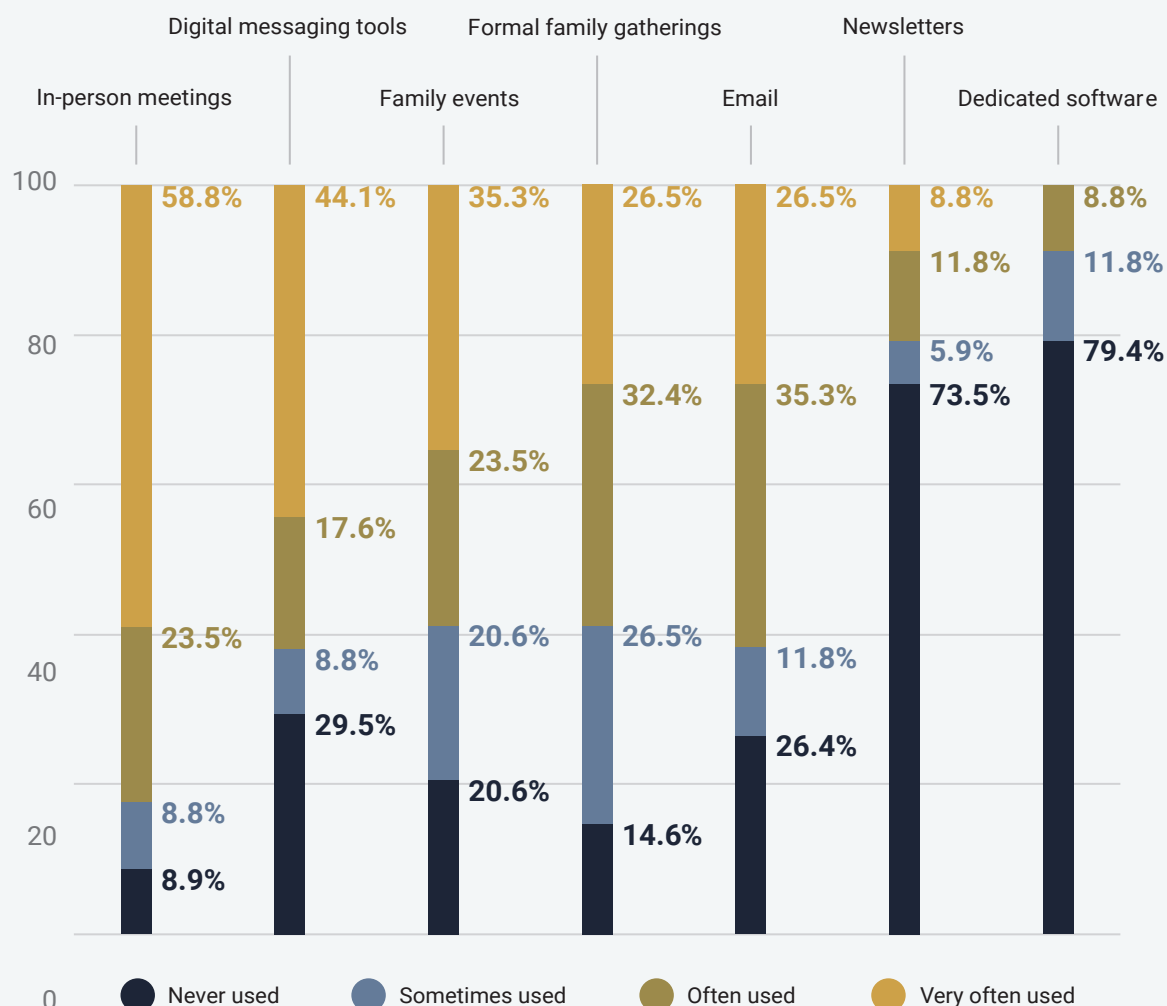
23. Are there practices in place that regulate the flow of information from the single family office to the family members?



How information flows from the single family office to the family often has a significant impact on the quality and speed of decision-making. Almost half of the respondents (47.1%) have formalized this process through written policies, ensuring clarity and structure in communication. Meanwhile, 23.5%

of single family offices operate with established practices for information sharing, although they are not formally documented. Additionally, 14.7% are in the process of developing such policies, indicating a recognition of the importance of systematic information dissemination to the family.

24. Which of the following channels are most commonly used for communication between the single family office and the family members?



In-person meetings are the most used communication channel within single family offices, with 82.4% of respondents citing their very frequent or frequent use. This preference shows the value placed on face-to-face engagement for discussing matters of significance to the family.

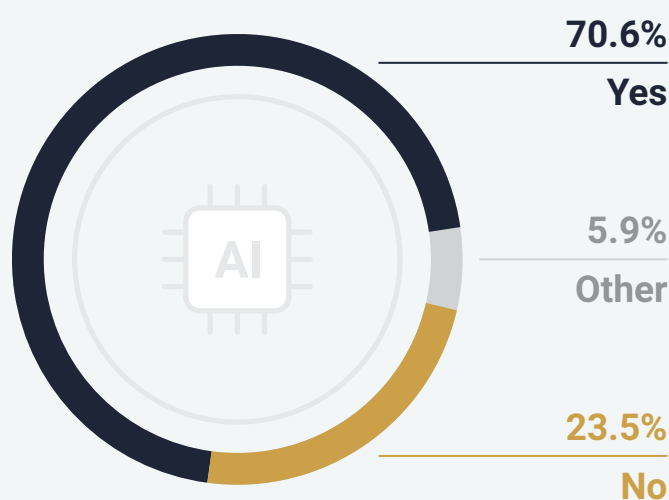
Email is the second most relied-upon medium, utilized by 61.8% of those surveyed. This is unsurprising as it reflects the medium's established role in facilitating regular and structured corporate communication.

However, closely following, with a general usage rate of around 60%, are digital messaging tools,

as well as family events and formal family gatherings. Unsurprising is the embrace of modern communication methods, including the ever-popular 'Family WhatsApp groups,' which have become a staple in many families, as well as the usage of more traditional ways of connecting with each other.

Surprisingly low is the usage of dedicated software, which only 8.8% of family offices use occasionally. With the rise of AI and the sophistication of software, we may see a drastic increase in this area over the coming years.

25. Do you believe artificial intelligence (AI) will change the way your single family office operates?



A substantial 70.6% of respondents believe that artificial intelligence (AI) will alter the operational landscape of the family office. Meanwhile, 23.5% do not anticipate AI to affect the management of their single family office, and a small portion, at 5.9%, remain uncertain about AI's potential impact.

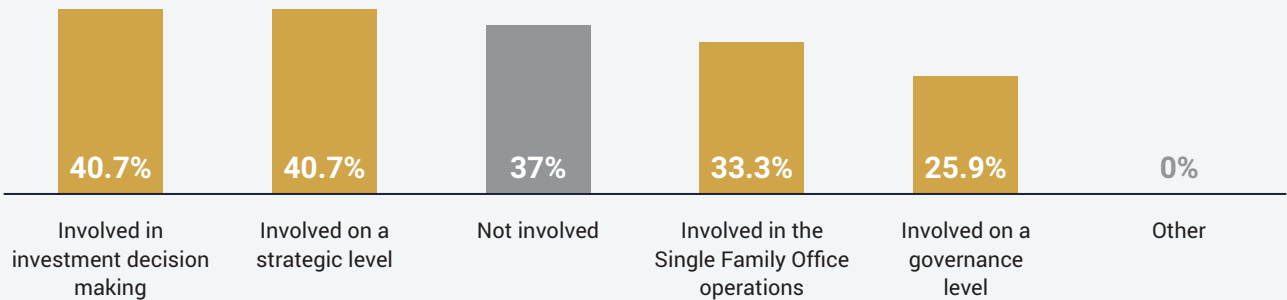
Given the significant majority who view AI as a transformative force, it is crucial for single family offices to consider the tangible effects AI may have on their operational, investment, and decision-making processes. This forward-looking perspective will help them adapt to impending technological advancements and effectively integrate them within their current systems.

26. How will Artificial Intelligence (AI) change the way your single family office operates?

When asked about how AI may change the operations of their single family offices, respondents answered the following:

- ✓ Trading functions can be automated, and administrative tasks will be reduced and automated to a large extent. Accounting may also become automated.
- ✓ AI will improve our decision-making.
- ✓ AI will improve and change reporting, analysis, and risk management.
- ✓ Investment analysis and reporting will be much easier once service providers adopt AI.
- ✓ It is too early to say how AI will affect us, but it will.

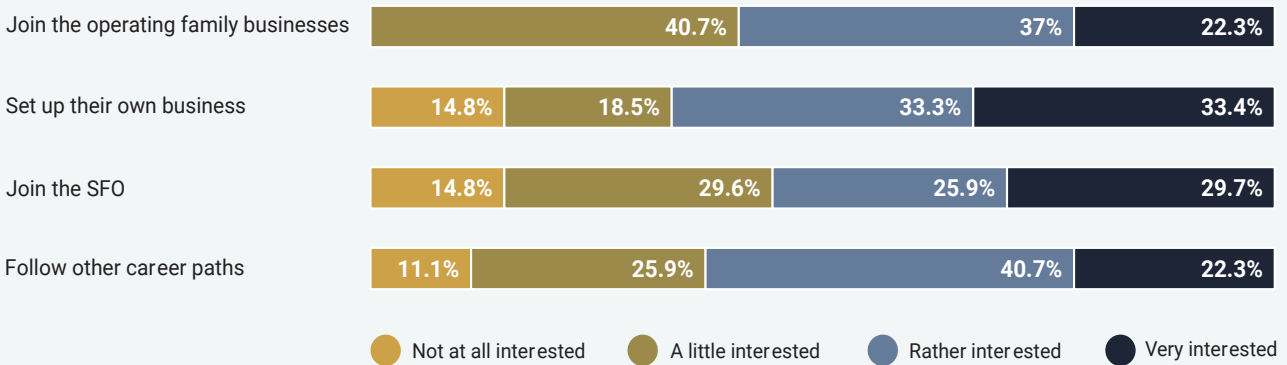
27. How are the next-generation members involved in the single family office?



63% of families involve the next generation in their single family office. The involvement of next-generation members in family offices is quite varied, with 40.7% being directly involved in investment decision-making and the same percentage contributing on a more strategic level.

Next-generation members embrace operational roles in 33.3% of family offices. Next-generation members in 25.9% of single family offices participate in governance structures and processes. However, in 37% of single family offices, next-generation members have no involvement.

28. For their future careers, to what degree are the next-generation members interested in the following?





The future career aspirations of next-generation family members reveal a telling trend. While a notable 59.3% express eagerness to enter the family business, and 55.6% show interest in joining the single family office, there is a slightly higher inclination toward independent ventures, with 66.7% preferring to establish their own businesses. Additionally, 63% are inclined to pursue alternative career pathways.

These figures suggest a slightly higher drive among next-generation members to seek professional

satisfaction beyond the established family enterprise. This preference for autonomy presents an important consideration for current single family office principals. Recognizing this trend is crucial and may lead to family leaders exploring diverse strategies to maintain next-generation engagement. Proactively involving them as future owners while supporting their individual ambitions in various capacities could be key to the enduring success and sustainability of the family's legacy.



Wealth Outlook

- Single family office principals' investment sentiment.
 - Insights into MENA single family offices' investment decision-making process and priorities.
 - Asset distribution and the vision of family wealth.
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The Evolving Nature of Family Wealth

*Interview with Haleema Humaid Al Owais, CEO,
Sultan bin Ali Al Owais Real Estate and Family Wealth Manager*

Family enterprises in the Middle East are evolving. Historically run with an emphasis on operational realities, however needs are changing, and the marketplace is becoming more demanding and more complex. In this changing landscape, families are looking to rethink their approach to wealth, to asset diversification and are exploring new investment strategies that both complement and grow their enterprises.

Haleema Humaid Al Owais has played a pivotal role in driving this strategic transformation in her family's business and its investment portfolio. As CEO of Sultan bin Ali Al Owais Real Estate and Family Wealth Manager, Haleema has pursued both traditional and innovative

ways of expanding her family's operating business. Her experience as a family business leader has not only informed her investing approach but also provided her with a unique perspective on the evolution of the region's family enterprise landscape and on the rise of the single family office.

You have managed your operating enterprise for the better part of two decades. What philosophy guides you when managing your family wealth alongside your operating business?

I rely on the same traditional mentality that guided my father, uncle, and grandfather. Their concept was very simple and straight-forward: maintain your operating assets and manage them so they generate financial growth. This healthy basis will allow you to fund other endeavors that further expand your assets.

The key, I believe, is to avoid depleting your assets unless you leverage them to create sustainable income streams that not only support their growth but also that of other businesses. I didn't go to business school, but this simple principle appealed to me, and over the years I have found it to be very effective. In the context of our family business, our real estate management, maintenance management, and construction segments strategically use our assets to generate operating capital, which can then be reinvested.

However, we have also learnt that it is crucial to maintain a perspective that separates assets from the income they produce. If I were to apply any philosophy, it would be to treat our assets as if we don't

actually own them – but rather are tasked to optimize their usage.

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The key, I believe, is to avoid depleting your assets unless you leverage them to create sustainable income streams that not only support their growth but also that of other businesses.

You are managing a third generation business by now - do you anticipate a potential shift in your wealth strategies or structures to meet new demands as your family grows?

I have found that the mindset of family members plays a great role in determining operating strategy, as well as our wealth strategy. The family's size is irrelevant – if one arm of the family is focused on growth while another wants to explore business avenues without considering how they may impact the family's core activities, conflict will arise that will ultimately need to be addressed. I think that it's important for families to find ways of ensuring differing views don't hinder their business trajectories, or growing tensions within the family upend key strategies. In order to avoid this, sometimes, that can even mean

separating family partnerships. So yes, with changing demands, we need to evolve as a collective and use new approaches both for our operating businesses, as well as for our wealth strategy.

Do you find different generational attitudes toward the operating business? And how does that difference play out when it comes to wealth strategies?

I would say that older generations typically bring a more conservative approach to the family office. If they were part of the early entrepreneurs, they started small and never compromised their core operating

a company that aligns with the senior generation's operating focus. They evaluate the overall impact of their investment to better understand the current investment process. What they learn, combined with their operational experience, guides them in their next investment. It's a slow, methodical, and strategic investment behavior, that however can yield impressive results.

Conversely, many next-generation members have little interest in their family's operating business and want to start their professional journey in the investing arena directly. There is nothing wrong with that, but I believe it is important to understand and earn the privilege of being an investor. Some next-generation family business members think that simply being born into a family with investing potential entitles them to use the resources freely, but here my view is more old-fashioned. I think hard work and professional experience lead to a better understanding of opportunities, not the other way around. I would like to see next-generation investors go through a period of education and training during which they can learn from other generations, and then apply these lessons to their own unique business or investing style.

In the MENA we are beginning to see a transformation of the family enterprise – the rise of parallel structures with both operating and investing entities. How could this change the face of family businesses?

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I think hard work and professional experience lead to a better understanding of opportunities, not the other way around.

business to invest in something like the latest tech company, for example. They are fully committed to a core operating strategy, and would also never consider an exit strategy.

However, we may see some of this approach changing after investing in

Operators approach investing from a different perspective. I had an experience five years ago where I wanted to invest but didn't have sufficient knowledge about how certain venture companies operated. I reached out to a professional to invest for me, but I insisted that they teach me the process while it was happening. I came to understand how that sector worked and how we could be successful. I also realized a very different mindset was required than that suited to operating a traditional business. However, I think there is an opportunity for family members – potentially next-generation members – who can straddle both worlds. It would mean proving their understanding of the family business while pursuing investments under its umbrella, using two separate yet complementary systems.

The market is changing and moving faster than ever. What kind of transformations do you expect to see in your family business in the future?

Hopefully, we'll soon have an even better alignment among our family partners and can welcome our fourth-generation family members into key positions. They are very smart and keen to learn, but also humble. They're aware of what they don't know, and they don't feel entitled because of their family's accomplishments. I believe they will investigate other businesses and burgeoning markets and find areas they want to invest in that offer diversity. Once they are fully capable of running their own

segment, we'll have new streams that run independently under the family's umbrella – and I believe the businesses will support each other.

What advice would you give family members who find their roles changing as their family enterprise evolves?

After being involved in the family business for a long period, I think it's common to feel like the world is leaving you behind. Running a business can be all-consuming, but it's crucial to stay involved with other things, such as the community, business groups, and charities. I was fortunate to have friends who helped detach me from my work, which led to advancing my own education. These experiences offer great opportunities, which we can take back to our family business.

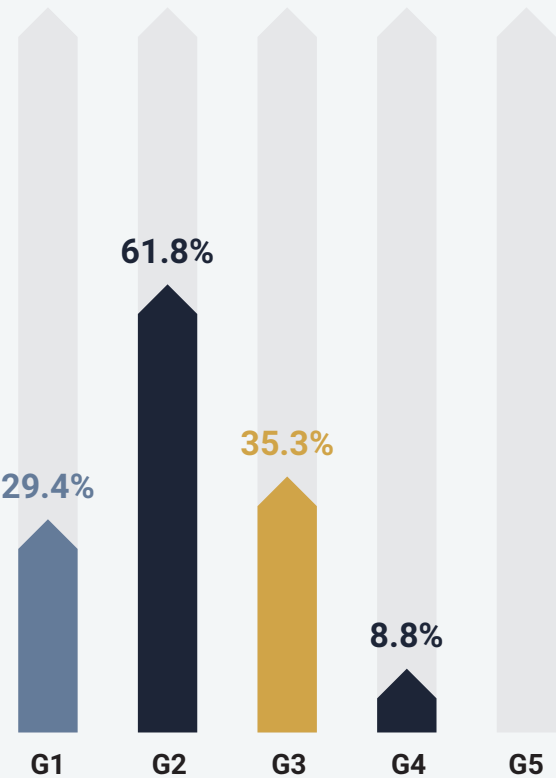
It's also important that families recognize the talent they have working for them – if we do not pay close attention they can all too easily fall off the radar. Families should encourage everyone in their organization to expand their horizons and find ways to improve the quality of their lives. Ultimately, helping family members to develop and grow will have the same positive effect on the family enterprise.

MENA Family Office Survey Results

Wealth Outlook

In this concluding section, we delve into single family office principals’ investment sentiment and wealth prospects. The data provides comprehensive insights into MENA single family offices’ investment decision-making process and priorities, from the vision of family wealth to the precise distribution of assets.

29. Which generations currently lead the family’s investment decision-making?
(Multiple choice)



The data shows that the second generation (G2) takes the lead in investment decision-making in 61.8% of the surveyed single family offices.

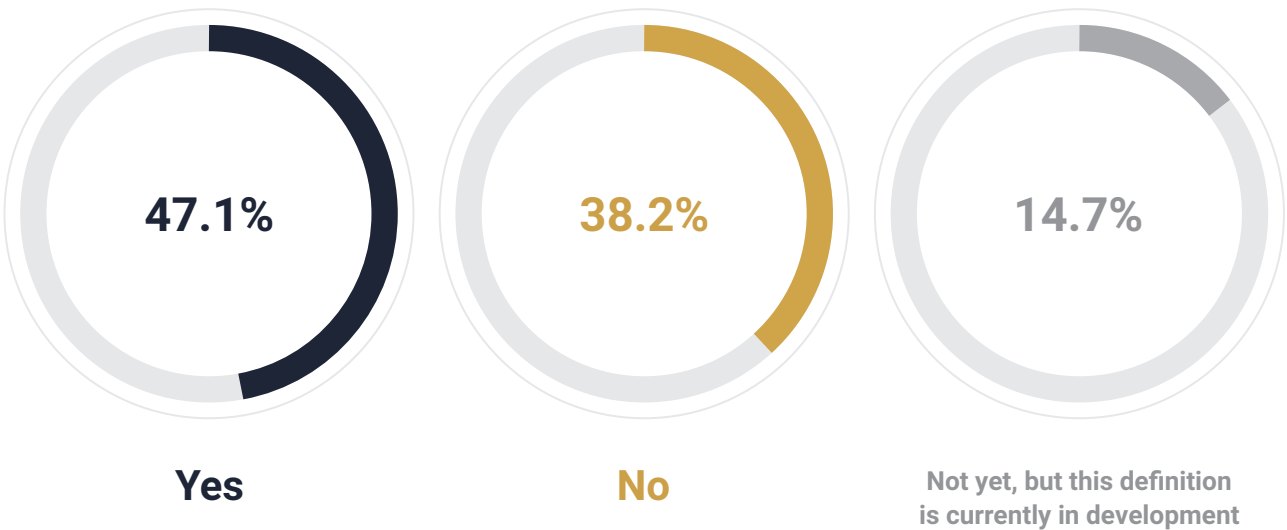
In 35.3% of the cases, the third generation (G3) also assumes a considerable role.

In 29.4% of surveyed single family offices, the founding generation (G1) remains influential in investment decisions.

In 8.8% of single family offices, the fourth generation influences the decision-making processes.

Overall, the results are in line with the evolution of family enterprises in the region, many of whom are currently led by G2 leaders, with G3 members already participating in decision-making.

30. Have you defined the vision and purpose of your wealth?



The survey results indicate a nuanced perspective on the clarity of wealth purpose among single family offices. A significant portion (47.1%) affirm that they possess a clearly defined vision and purpose for their wealth. This data highlights a strategic approach to their financial legacy.

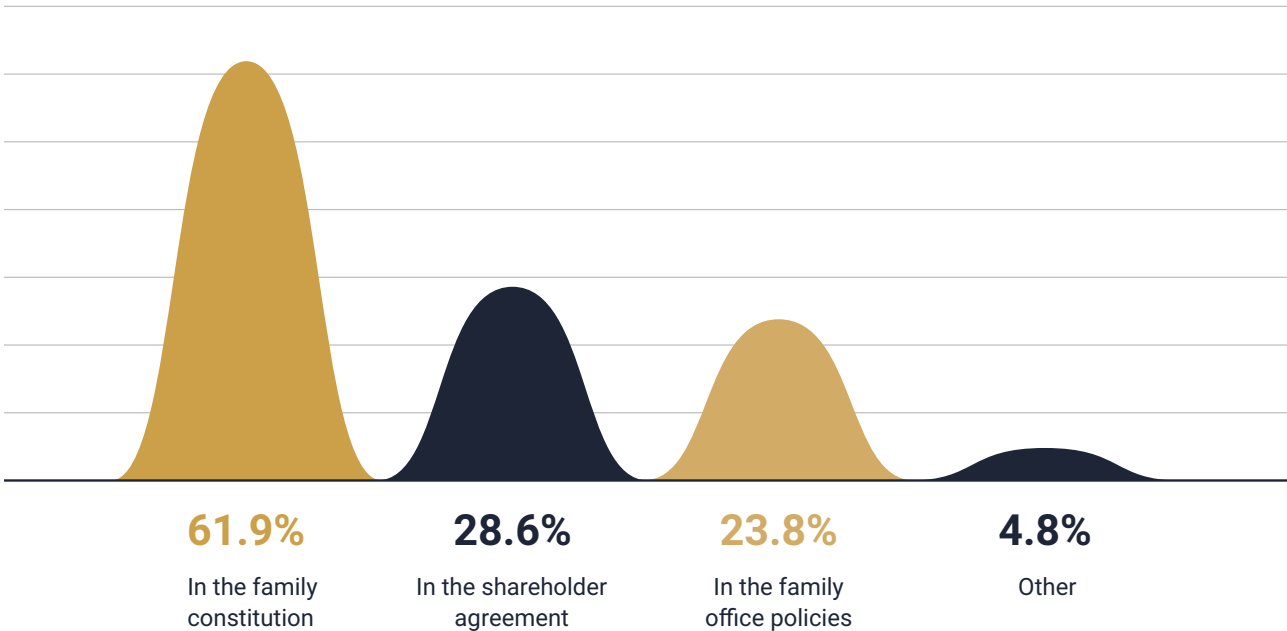
However, 38.2% of the respondents acknowledge the absence of such a definition, which suggests

a lack of agreement or intentional exchange in the family around wealth and its purpose.

Meanwhile, 14.7% are in the process of articulating this vision, indicating an awareness of its importance and a commitment to establishing a more structured approach to their wealth in the near future.

31. Where can the vision and purpose of your wealth be found?

(Multiple choice)



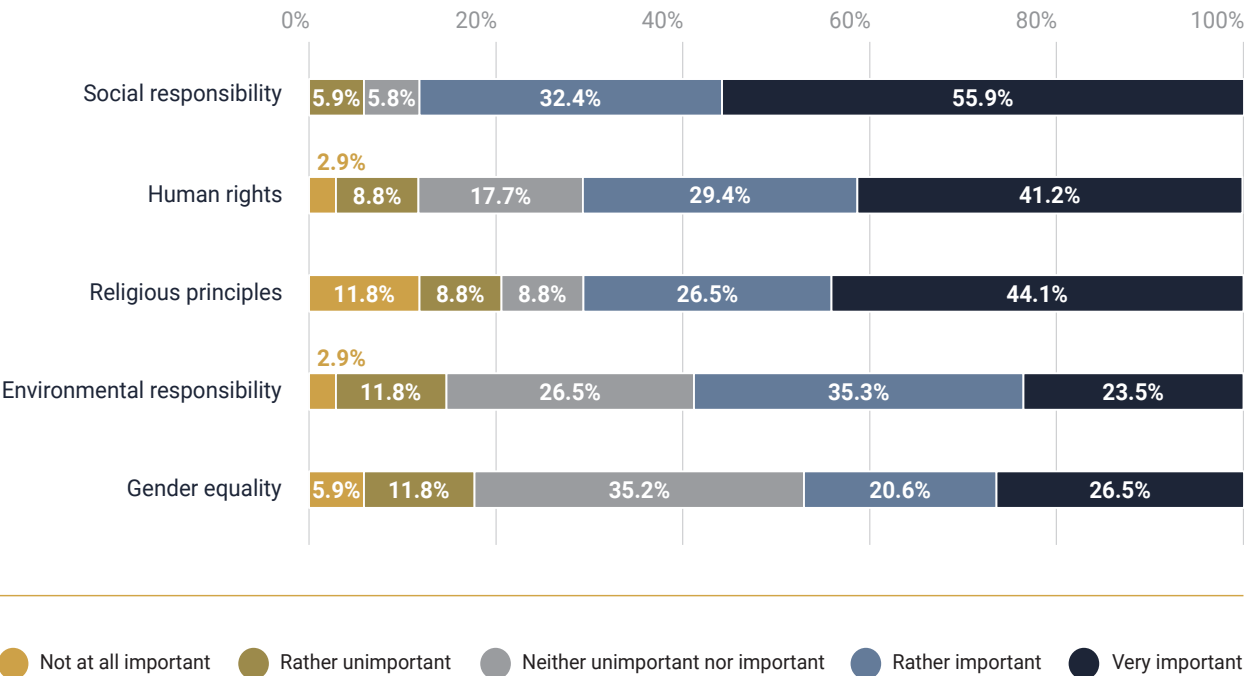
Of the single family offices with a clear purpose and vision for their wealth, 61.9% have documented it in the family constitution. This reflects an intention to ensure their financial intentions are a fundamental part of the family’s guiding documents. It is also to be noted that family constitutions are usually accessible by many family members, making this definition known across the family.

28.6% of respondents have included their vision in the shareholder agreement, connecting the family’s investment

strategies with its business ownership structure. However, this limits access to the purpose statement, as the shareholder agreement is typically only accessible to the shareholders.

Lastly, 23.8% have detailed their wealth’s purpose within the policies of the single family office itself, suggesting it is a more operational tool than a fundamental instrument for the family.

32. How important are the following principles to your investment decision-making?



Values remain a cornerstone in the decision-making processes of family enterprises, where they are deeply woven into the fabric of both the family unit and the business operations. The survey data reflects a pronounced emphasis on social responsibility within these family offices:

- A significant 88.3% of respondents underscore social responsibility as a pivotal element in their investment decision-making, indicating its status as the most influential factor.
- Human rights are also front of mind, with 70.6% of single family offices considering it an important aspect of their investment evaluations.
- Similarly, religious principles are factored into the investment equations

for another 70.6% of single family offices, revealing the impact of faith-based values on financial deliberations.

- Environmental responsibility is a key consideration for 58.8% of the single family offices, showing a growing consciousness toward sustainable investment practices.
- Gender equality, while not as dominant as the other values, is still on the radar for 47.1% of single family offices when assessing potential investments.
- This strong inclination toward social and religious considerations is reflective of a broader cultural ethos prevalent within family-owned businesses in the region.

33. Please provide estimations of your asset allocation in percentages.

Asset Allocation	0%	1-10%	10-30%	30-50%	50-70%	>70%
Cash	14.7%	41.2%	26.5%	14.7%	2.9%	0.0%
Bonds	29.4%	29.4%	32.4%	5.9%	2.9%	0.0%
Equity	8.8%	2.9%	41.2%	23.5%	17.6%	5.9%
Hedge funds	52.9%	32.4%	11.8%	0.0%	2.9%	0.0%
Private equity/debt	17.6%	32.4%	32.4%	8.8%	8.8%	0.0%
Insurance linked investments	50.0%	32.4%	11.8%	0.0%	5.9%	0.0%
Commodities	50.0%	26.5%	11.8%	8.8%	2.9%	0.0%
Real estate	2.9%	8.8%	29.4%	23.5%	26.5%	8.8%
Others	47.1%	29.4%	8.8%	2.9%	11.8%	0.0%

Real estate emerges as the favored asset class, with 26.5% of single family offices designating 50% to 70% of their assets to it, signifying its key role in the investment strategies of regional families.

Equities are well represented, with 41.2% of single family offices allocating 10% to 30% to stocks. Additionally, 41.1% of respondents commit between 30% and 70% to equities, indicating a strong collective focus on this asset class.

Cash holdings show variation, with 14.7% of single family offices investing 30% to 50% and another 26.5% earmarking 10% to 30% for liquidity and flexibility.

Private equity secures a notable place in these portfolios, with 32.4% of the single family offices allocating 10% to 30% and an aggregate of 17.6% of respondents investing 30% to 70% to private equity, underscoring its importance for long-term capital growth.

Interestingly, a majority of the single family offices abstain from significant investments in commodities, insurance-linked investments, and hedge funds, suggesting a cautious or strategic avoidance of these asset classes.

34. Which share (percentage) of your investments is invested in the...

	0%	1-10%	10-30%	30-50%	50-70%	>70%
domestic market	2.9%	8.8%	5.9%	35.3%	29.4%	17.6%
international market (non-domestic)	0%	17.6%	32.4%	29.4%	8.8%	11.8%

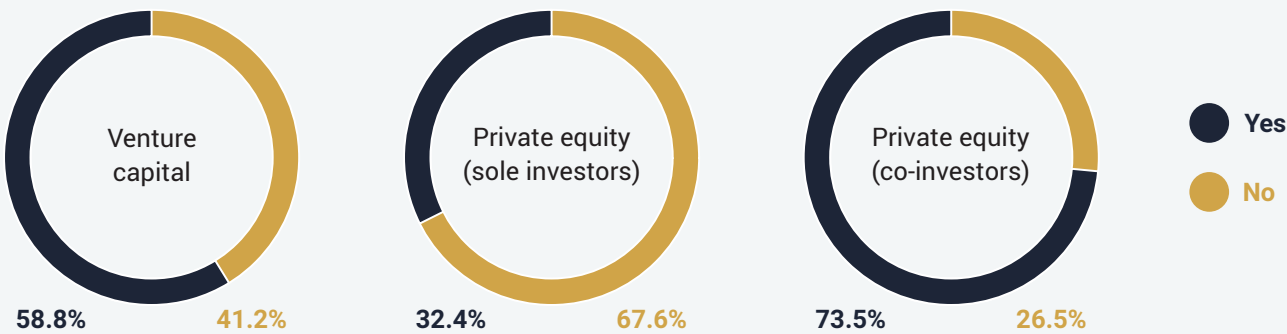
A noticeable 35.3% of family offices allocate 30% to 50% of their investments in domestic markets. Additionally, 29.4% and 17.6% of offices invest 50% to 70% and more than 70%, respectively, showcasing a substantial inclination toward domestic opportunities.

However, international investments also play a crucial role, with the largest segment (32.4%) of family offices allocating 10% to 30% abroad. There's also a noteworthy lean toward heavier international

exposure, with 29.4% investing 30% to 50% in non-domestic markets.

The data points not only to greater emphasis on domestic markets but also a robust allocation internationally. This suggests MENA single family offices are capitalizing on local knowledge and opportunities while also seeking to benefit from international diversification to mitigate risks associated with local market volatility.

35. Do you have direct investments in non-listed companies?



This data shows that MENA single family offices have the most significant engagement in co-investing in private equity, suggesting a strategic preference for shared investment endeavors.

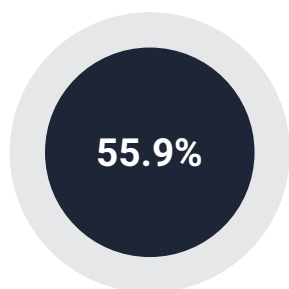
The majority (73.5%) participate in private equity as co-investors. This indicates that the surveyed single family offices are open to collaborative investment efforts and interested in drawing on collective

expertise for investment decisions.

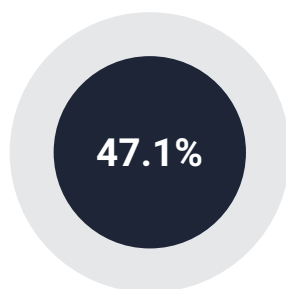
Interestingly, a significant 58.8% of the single family offices invest in venture capital, showing an inclination toward supporting early-stage companies with the potential for high growth.

A smaller, yet still notable, 32.4% engage in private equity as sole investors.

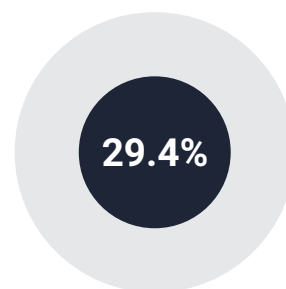
36. What reporting tools do you use to monitor and manage your investments on a strategic level?



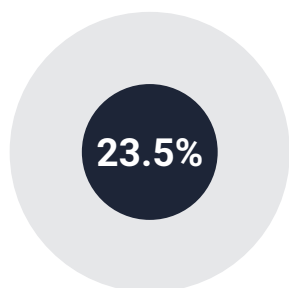
Consolidated reporting



Customized Excel-based consolidation



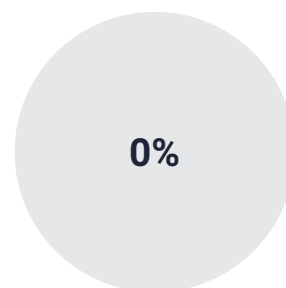
Investment accounting



Holistic reporting (including real estate, planes, yachts, collections, etc.)



Global custody

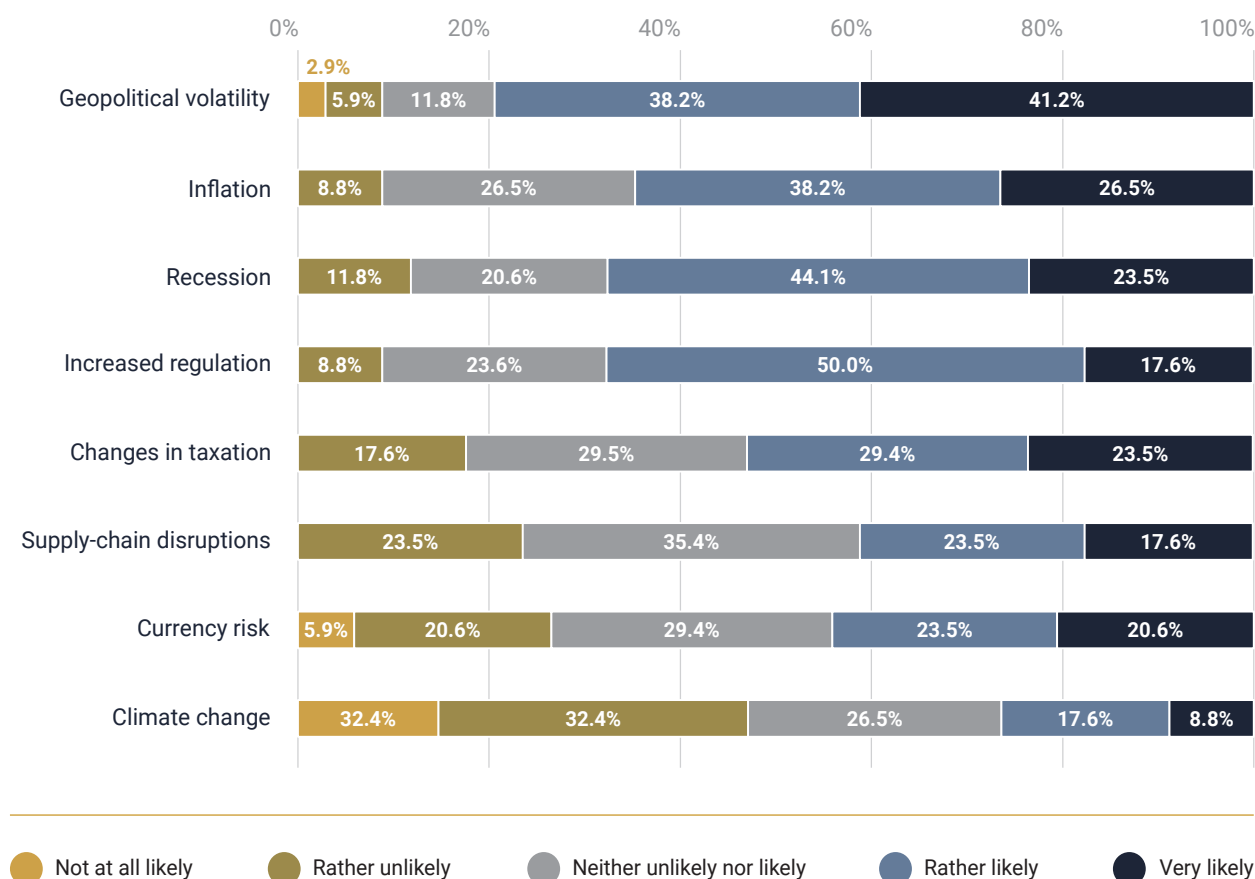


Other

In the practice of managing and monitoring investments within single family offices, consolidated reporting is utilized by 55.9%, marking it as the preferred method. Excel-based consolidation, also widely used by 47.1%, underscores the continued reliance on traditional tools for financial management.

However, it's worth noting that only 23.5% of single family offices employ holistic reporting. This lower figure may suggest that there's room for improvement in terms of integrating all assets and data streams into a unified monitoring system, providing a comprehensive view of the family's investments and facilitating risk assessment.

37. For each of the following global issues, please indicate how likely you perceive them to negatively affect your investment/portfolio in the coming year.



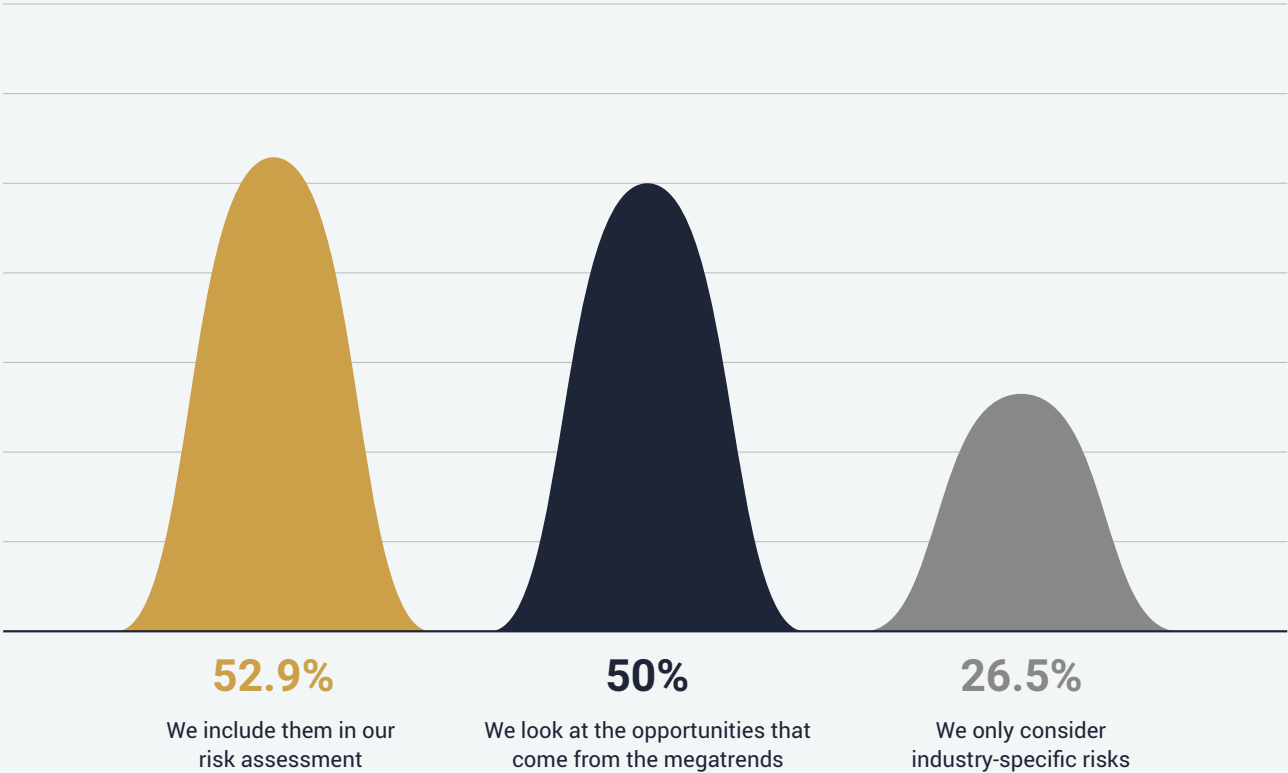
Looking at the impact of megatrends on their investment portfolio, most single family offices (79.4%) believe that geopolitical instability will likely adversely affect their investment portfolios in the coming year.

The possibility of recession, an increase in regulation, and inflation are also seen as substantial threats by 67.6%, 67.6%, and 64.7% of respondents, respectively.

The issue of changes in taxation seems to concern just over half of the surveyed single family offices, with 52.9% expressing this sentiment. Meanwhile, currency risks and supply chain issues are on the minds of 44.1% and 41.1%, respectively.

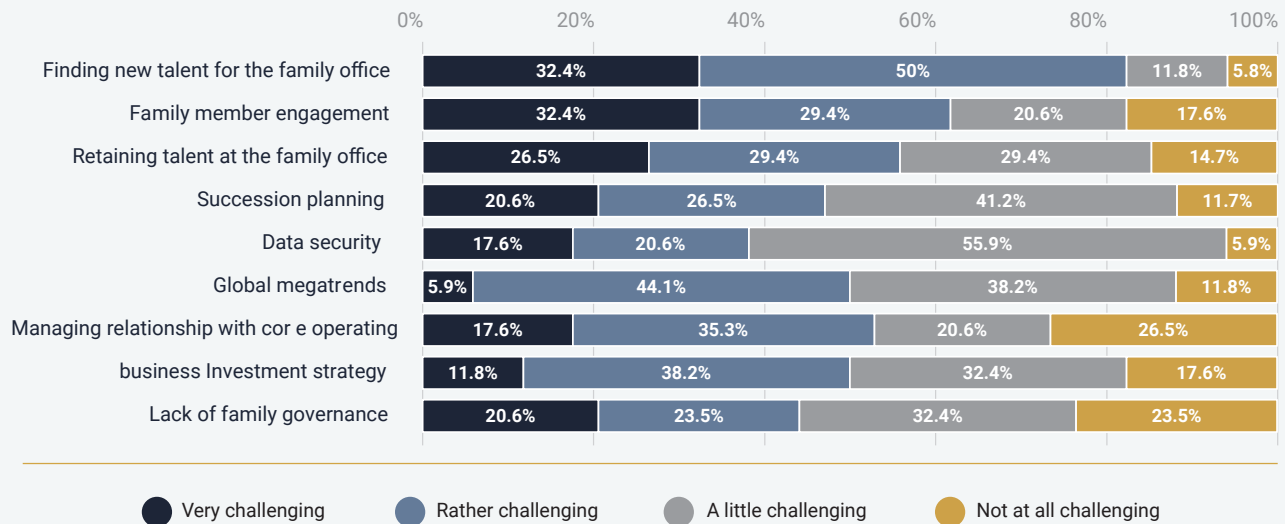
Notably, less than a third of the respondents (26.4%) view climate change as a factor that will negatively impact their investment portfolio.

38. Which of the following best describes your reaction to global megatrends?
(Multiple choice)



Approximately half of the survey participants (52.9%) factor in global megatrends when evaluating potential risks. Similarly, half consider the opportunities presented by these megatrends in their strategic planning. However, a more focused group, representing 26.5%, directs their attention solely toward risks that are specific to their industry.

39. For each of the following items, please indicate how challenging they are for your single family office.



MENA single family offices seem to perceive their main challenges to be around human capital:

- A significant 82.4% of those surveyed identified the challenge of attracting new talent to their organizations as paramount. Additionally, keeping family members engaged is seen as crucial by 61.8% of respondents, while retaining existing talent concerns 55.9%.
- Navigating the dynamics with their core operating businesses is also a notable challenge for 52.9% of single family offices.
- Equally, global megatrends and investment

strategies are on the radar for 50% of the respondents, highlighting a balanced view toward external and internal strategic planning.

- Furthermore, succession planning and the establishment of robust family governance frameworks are critical areas, with 47.1% and 44.1% of single family offices, respectively, recognizing their importance.
- While still a significant concern, data security ranks lowest on the list of priorities, with 38.2% of respondents acknowledging its importance.

40. Are there any other big challenges that you experience at your single family office?

Other main challenges perceived by the surveyed family offices were:

✓ Managing the exit of shareholders.

✓ Creating liquidity for family members.

✓ Managing the balance between satisfying family financial requirements and business growth requirements and growing the family fund.

✓ Family conflicts.

Conclusion

The MENA Single Family Office Landscape

Families owning businesses in the MENA region are contending with significant transformational forces in the 21st century. As our report highlights, geopolitical, social, and economic shifts profoundly impact family businesses and their owners. Additionally, owning families are facing internal complexities such as technological disruption, the involvement of the next generation, the urgent need for robust family governance, and alignment on wealth and philanthropy. These external and internal shifts have necessitated a more holistic approach to governing not just the operating family business but also creating structures for the owning families. Our observations indicate that owners are responding by shifting family wealth beyond the traditional family business, historically a stable value-creating entity, to establish single family offices to navigate a more complex marketplace and diversify from the operating companies.

Owners aim to create adaptable, agile, and robust infrastructures to continue their entrepreneurial legacy, supporting their families, and impacting society and the economy – the single family offices have emerged as one vehicle to do so.

Over the past decade, the term “single family office” has indeed become increasingly popular across the MENA. However, despite its trendiness, there remains uncertainty about what single family offices actually entail in the region—both in terms of their function relative to an owning family and its business, as well as their role in the broader market. Our report aims to illuminate the current state and encourage further research to better understand the rise of the single family office.

It is clear that no single family office is the same; as with governance structures in general, each family prioritizes the factors most pressing in their case, whether it's establishing a specialized investment vehicle, structuring a

wealth management tool, or centralizing governance and family services. Therefore, this report not only explores the purposes and values driving the establishment of single family offices in the MENA region but also examines their governance and wealth outlook.

Key Findings

Our findings provide insights into the current state of multigenerational enterprises and their single family offices in the MENA region and hint at potential future developments. A few key highlights emerged from the gathered data:

a. Embedded vs. Standalone Single Family Offices

There is an equal split between embedded and standalone single family offices among respondents, indicating that owners opt for structures functioning as part of the operating family business, as well as for legal entities set up completely independently. Establishing an embedded single family office shows a close relationship with the operating company, likely driven by cost efficiency and operational synergies. Conversely, standalone single family offices often seek to professionalize and separate investment, wealth management, governance, and

family services from the operational business. Interestingly, 52.9% of standalone single family offices are legally registered onshore within the MENA region and situated in the same country as the operating business, indicating a preference for familiar jurisdictions and maintaining synergies.

b. Types of Single Family Offices

The landscape of single family offices in the MENA is diverse, with owners establishing various structures for both internal and external reasons. We can distinguish three main types of single family offices according to their primary purpose:

1. *"The Investment Firm"*
Predominantly standalone offices focusing on investing family (or corporate) capital to generate profits.
2. *"The Wealth Management Office"*
These can be standalone or embedded and focus on managing the family's wealth and estate planning.
3. *"The Governance Bureau"*
Mostly embedded offices that function as a vehicle to implement family governance, such as supporting the next generation and organizing family gatherings.

Each family customizes these functions according to their specific needs, and the

data shows that single family offices range from very focused and specialized all the way to serving multifunctional roles that integrate aspects of all three types.

c. A new Era of Governance

The past two decades have seen a noticeable shift in the MENA region: traditional operating businesses are increasingly employing governance systems to manage complexity and stay competitive. This trend is also evident in emerging single family offices: While 79.4% of owners indicate that family members work in the office, 62.6% also have a non-family CIO. Boards of directors and investment committees are common governance bodies within these offices, demonstrating that single family offices in the region employ a holistic approach to governance from the start, involving both family and non-family talent.

d. Evolution from Family Business to Family Enterprise

Among surveyed families, 85.3% of operating family businesses remain under full family ownership, and 97% of owners report active family involvement in management. However, today's owning families' interests clearly extend beyond the operating enterprise to encompass broader family interests. With increasing family complexity, economic and social

changes, and the need to use more tools for wealth and legacy preservation, four factors primarily led to the establishment of single family office structures:

- Institutionalizing and centralizing family investments
- Managing financial risks
- Organizing family assets
- Succession planning

This evolution reflects an overall transformation in the MENA region from a traditional family business-centric model to a more holistic "family enterprise" ecosystem, including not just the core family business but also new ventures, financial investments, legacy planning, and philanthropic activities.

Concluding Thoughts

The evolving landscape of single family offices in the MENA region strikes a delicate balance between preserving important family legacies and adapting to the fast-paced complexities of the 21st-century marketplace. The specific economic and socio-political realities in the MENA region require family enterprise owners to consider their family-owned assets holistically. Through our comprehensive survey, we have uncovered insights that underscore the

commitment of family enterprises not only to sustain their wealth but also to adapt to a changing global economic environment. Our findings indicate that MENA single family offices reflect a deep dedication to familial roots and employ forward-looking strategies aimed at enduring success. As these offices integrate more with global economic trends, their strategies will increasingly need to be agile and globally informed to remain resilient. The journey of single family offices in the region is a testament to a blend of tradition and innovation, poised to strengthen their impact on both regional and global stages, heralding a new era of family governance, entrepreneurship, and wealth management.

About Us



The Tharawat Family Business Forum

The Tharawat Family Business Forum is an independent, membership network dedicated to the sustainability, innovation, and growth of MENA family businesses. The organisation was founded in 2006 by leading family-owned companies from across the Middle East, who shared a vision to build a strong peer community and platform for family businesses. Today, Tharawat plays an instrumental role in developing knowledge and expertise around family businesses in the region and beyond.

www.tharawat.org



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