



OMAN REIT FUND (OMRI)
Chairman's Report: 30-September-2021

Dear Unitholders,

On behalf of Oman REIT Fund Management Body, I am pleased to present you the unaudited financial results and performance report for the period ended 30 September 2021.

Global market update

Though there is still a large amount of uncertainty surrounding the trajectory of global growth, the risks to the outlook are skewed to the upside, which is a key positive for real estate and the outlook for the asset class is linked to the strength of the underlying economies. In line with the strong economic growth projections with reasonable mid-single digit returns for global real estate over the next three years is an indication of the rents are on recovery path on the back of economies re-opening.

UAE Real Estate update

Total market resurges on strong residential and land transactions value and grew 40% M-o-M, mainly on higher residential and land activity which accounted for 41% of total transactions' value, broadly in line with the same contribution in previous months (43%). Telecom, Media, & Technology (TMT) sector shows demand for office space, together with transportation and storage expected to add 100,000 new jobs to the UAE economy – the highest for any sector.

Oman Real Estate sector review

During the last 9 months period the challenge posed by Coronavirus pandemic is very high due to subdued economic activities and business conditions, stagnant employment market and job losses; continued decline in expatriate population. This has resulted declining demand for real estate leases and increased supply in this sector. Since the government is supporting the economy in various stimulus measures, there may be light at the end of tunnel in 4Q of 2021 considering elevated levels of oil prices which will result in improved fiscal

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رقم القيد بسجل الهيئة العامة لسوق المال: خ/٨٤/٢٠٢٠

مكتب رقم ٨١، الطابق الثامن، مبنى المكتب الرئيسي للخطوط الجوية القطرية

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conditions. Moreover, the new policy implementation in foreign investment and long-term expatriate residency law; reopening of the economy and enhanced government focus on local job creation; Oman boosting bilateral relationship with Saudi Arabia; Focus on nurturing local talent and SMEs; Improved business and investor confidence are all expected to drive economic growth in 4Q21 and beyond.

Real estate activity in Oman has rebounded strongly this year following the pandemic-induced sluggishness in the previous year. Total value of traded property in Oman grew 14.1% to RO 1.74 billion during the January–August period of 2021 from RO 1.53 billion in the same period of 2020. One of the most resilient sectors amid easing pandemic restrictions. Real-estate transactions this year have rebounded to the pre-pandemic levels. The total number of real estate transactions jumped by 77% to 70,229 this year from 41,549 in the first eight months of 2020. During the 8 months period ended in August 2021, the average value of property transactions improved to RO 217 million per month. With the sharp rise in number of property transactions, mortgage activity in the sultanate also rebounded sharply in recent months. Traded value of mortgage contracts reached RO 960 million during the January–August period, a similar trend witnessed in 2020 and 2019. Number of executed mortgage contracts jumped 55% to 12,402 contracts in the first eight months of this year from 7,989 in the same period of last year.

Financial Performance:

The fund performance was satisfactory during the period. The fund achieved gross rental income of RO 3.44 million since inception. The properties incurred O&M expenses of RO 831,098 during the reporting period, and achieved net profit of RO 1.98 million for the period. Upon considering OMR 19.87 million assets withdrawal from the Fund by the founders, total property asset of the fund is remained at RO 45,60 million at the end of the 3rd quarter ended 30-Sep-2021. The Fund is in the process of swapping the units in lieu of the withdrawn assets for a new one, at a better income proposition. The Fund management aims to complete this process and bring back the property assets to the original level by 31-12-2021. However, the impact to the existing unitholder is insignificant due to the withdrawal and reissuance of units. The total unitholders' fund as at the end of September 2021 is RO 46,75 million, which translates to Net Asset Value per Unit of RO 0.103.

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Future outlook:

Elevated levels of oil prices are likely to result in better fiscal situation for the government, which should reflect positively on the economy and business confidence. We expect the historic visit of His Majesty Sultan Haitham Bin Tariq Al Said to Saudi Arabia will result in better trade and investment cooperation between the two countries. New initiatives by Saudi investors in Oman's real estate and logistics sectors should be positive for Oman REIT Fund over the long term. Policy changes by the government by way of introduction of foreign investment law and plans for long term residency for selected group of expatriates to help in revival of the real estate market in Oman.

The Fund Management body also wishes to thank the Capital Market Authority and Muscat Stock Exchange for their sustained and continued efforts in building a vibrant capital market and the management team for their diligence and dedication in managing the fund successfully in light of the economic openness and future vision 2040 under the wise leadership of His Majesty Sultan Haitham Bin Tariq – may God protect him and paid his steps for good.

On Behalf of the Fund Management body

Hilal Hamed Al Hasani
Chairman

October 27, 2021

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