

# **OMAN REIT FUND**

## **CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022**

### **Registered office:**

P. O. Box 176  
Postal Code 130, Azaiba  
Sultanate of Oman

### **Principal place of business:**

P. O. Box 176  
Postal Code 130, Azaiba  
Sultanate of Oman

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**OMAN REIT FUND**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

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# Report on the Review of the Condensed Interim Financial Information

To the Unitholders of  
Oman REIT Fund  
P.O. Box 176  
Postal Code 130  
Sultanate of Oman

## Introduction

We have reviewed the accompanying condensed interim financial position of Oman REIT Fund (the “Fund”) as at 30 June 2022, and the related condensed interim statement of comprehensive income, condensed interim statement of changes in unitholders’ funds and condensed interim statement of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes (here-in-after referred to as the “condensed interim financial information”). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting”. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information of the Fund is not prepared, in all material respects, in accordance with IAS 34.

**Tammam Al Mugheiry**  
**Licence No. L1024587**  
**ABU TIMAM**  
*(Chartered Certified Accountants)*

**27 July 2022**

**OMAN REIT FUND****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2022**

		(Unaudited) Period ended 30 June 2022 RO	(Audited) Period ended 31 December 2021 RO	(Unaudited) Period ended 30 June 2021 RO
	<i>Notes</i>			
Rental income	4	<b>1,857,503</b>	4,372,528	2,361,398
Property operating expenses		<b>(618,720)</b>	(1,268,021)	(518,601)
<b>Net property income</b>		<b>1,238,783</b>	3,104,507	1,842,797
Other income	5	<b>40,448</b>	60,633	12,148
Management fees	6	<b>(237,692)</b>	(455,572)	(220,645)
General and administrative expenses	7	<b>(74,581)</b>	(321,014)	(134,805)
Board member fees	18	<b>(18,200)</b>	(30,900)	(15,600)
Net loss on fair value of investment properties	9	-	(528,049)	-
<b>Profit for the period</b>		<b>948,758</b>	1,829,605	1,483,895
Other comprehensive income for the period		-	-	-
<b>Total comprehensive income for the period</b>		<b>948,758</b>	1,829,605	1,483,895
<b>Basic and diluted earnings per unit</b>	8	<b>0.002</b>	0.004	0.002

The accompanying notes on pages 7 to 14 form an integral part of this condensed interim financial information.

The review report is set forth on page 2.

**OMAN REIT FUND****CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2022**

		(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO	(Unaudited) 30 June 2021 RO
	<i>Notes</i>			
<b>ASSETS</b>				
Investment properties	9	<b>44,420,000</b>	44,420,000	65,475,894
Accounts receivable	10	<b>1,474,310</b>	1,924,261	2,219,757
Other receivables	11	<b>37,676</b>	22,404	120,394
Bank balances	12	<b>3,079,145</b>	2,293,978	2,615,736
<b>TOTAL ASSETS</b>		<b>49,011,131</b>	48,660,643	70,431,781
<b>LIABILITIES</b>				
Accounts payable	13	<b>309,922</b>	203,993	730,981
Other payables	14	<b>453,359</b>	1,157,558	2,741,011
<b>TOTAL LIABILITIES</b>		<b>763,281</b>	1,361,551	3,471,992
<b>Net assets attributable to unitholders</b>		<b>48,247,850</b>	47,299,092	66,959,789
<b>NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS</b>				
	15	<b>0.102</b>	0.100	0.102

This condensed interim financial information was approved by the Board of Directors on 27 July 2022 and signed on its behalf by:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Board Member

The accompanying notes on pages 7 to 14 form an integral part of this condensed interim financial information.

The review report is set forth on page 2.

**OMAN REIT FUND****CONDENSED INTERIM STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS  
FOR THE PERIOD ENDED 30 JUNE 2022**

	<i>Notes</i>	<b>No. of units</b>	<b>Net assets RO</b>
Units issued during the period		654,758,940	65,475,894
Unpaid units	9	(183,572,554)	(18,357,255)
		<u>471,186,386</u>	<u>47,118,639</u>
Total comprehensive income for the period			1,829,605
Dividends paid	16		(1,649,152)
At 31 December 2021		<u>471,186,386</u>	<u>47,299,092</u>
<b>At 1 January 2022</b>		<b>471,186,386</b>	<b>47,299,092</b>
Total comprehensive income for the period			<b>948,758</b>
<b>At 30 June 2022</b>		<b><u>471,186,386</u></b>	<b><u>48,247,850</u></b>

The accompanying notes on pages 7 to 14 form an integral part of this condensed interim financial information.

The review report is set forth on page 2.

**OMAN REIT FUND**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2022**

		(Unaudited) Period ended 30 June 2022 RO	(Audited) Period ended 31 December 2021 RO	(Unaudited) Period ended 30 June 2021 RO
	Notes			
<b>Cash flows from operating activities:</b>				
Profit for the period		948,758	1,829,605	1,483,895
<b>Adjustments for:</b>				
Finance income		(33,848)	(38,926)	-
Allowance for expected credit losses	7	1,800	7,200	-
Net loss on fair value of investment properties	9	-	528,049	-
<b>Operating profit before working capital changes</b>		<b>916,710</b>	<b>2,325,928</b>	<b>1,483,895</b>
<b>Changes in working capital:</b>				
Accounts receivable		448,151	(1,931,461)	(2,340,151)
Other receivables		(15,272)	(22,404)	-
Accounts payable		105,929	203,993	843,853
Other payables		(704,199)	700,008	-
<b>Net cash generated from/(used in) operating activities</b>		<b>751,319</b>	<b>1,276,064</b>	<b>(12,403)</b>
<b>Cash flows from investing activities:</b>				
IPO Amount		-	-	-
Additions to investment properties (i)		-	(2,366,210)	-
Finance income received		33,848	38,926	-
<b>Net cash generated from/(used in) investing activities</b>		<b>33,848</b>	<b>(2,327,284)</b>	<b>-</b>
<b>Cash flows from financing activities:</b>				
Issue of units (i)		-	4,994,350	2,628,139
Dividends paid	16	-	(1,649,152)	-
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>3,345,198</b>	<b>2,628,139</b>
<b>Net changes in cash and cash equivalents during the period</b>		<b>785,167</b>	<b>2,293,978</b>	<b>2,615,736</b>
Cash and cash equivalent at the beginning of the period		2,293,978	-	-
<b>Cash and cash equivalents at the end of the period</b>	12	<b>3,079,145</b>	<b>2,293,978</b>	<b>2,615,736</b>

Note (i): During the period ended 30 June 2021 and 31 December 2021, the Fund received investment properties from the unitholders and issued units in lieu of those properties in the amount of RO 42,124,289, which were non-cash transactions.

The accompanying notes on pages 7 to 14 form an integral part of this condensed interim financial information.

The review report is set forth on page 2.

## OMAN REIT FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

#### 1 Legal status of the Fund

Oman REIT Fund (the "Fund") is a Real Estate Investment Fund (REIT) registered in the Sultanate of Oman and constituted as a joint investment account as per the Regulations of the Capital Market Authority ("CMA") of Sultanate of Oman. The term of the Fund is 99 calendar years from the date of registration in the fund's registry in the CMA or until the liquidation of the Fund.

The Fund was established by Trust Fund Management SPC (the "Fund Manager"), a Single Person Company registered in the Sultanate of Oman in accordance with the Commercial Companies Law of Oman, as amended, and approved by the CMA in accordance with the administrative decision No. 84/2020 on 20 December 2020.

The registered address of the Fund is PO Box 176, Postal Code 130, Azaiba, Sultanate of Oman.

During 2021, the Fund proceeded with initial public offering (IPO). The Fund closed its IPO on 9 February 2021 and its units were listed on the Muscat Stock Exchange on 28 February 2021.

The Fund's initial capital was RO 65,475,894 representing 654,758,940 units. During the previous period, 183,572,554 units were unpaid and there were 471,186,386 net units of RO 47,118,639. The major unitholder which holds 89.4% of these units is Ministry of Defence Pension Fund ("MODPF").

#### 2 Principal activities

The principal activities of the Fund are investing, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Oman that are used primarily for residence, office, light industrial/logistics and retail purposes, as well as real estate-related assets in connection with the foregoing.

#### 3 Summary of significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the statutory financial statements for the period ended 31 December 2021.

#### 4 Rental income

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Rental income	<u>1,857,503</u>	<u>2,361,398</u>

Information regarding the Fund's operating segments is set out below in accordance with IFRS 8 - Operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Fund that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Fund operates in one business segment that of real estate. No geographical analysis has been disclosed as 100% of the Fund's revenue is from customers based in the Sultanate of Oman.



**OMAN REIT FUND****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 30 JUNE 2022****5 Other income**

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Interest income	33,848	11,813
Parking fees	6,600	335
	<u>40,448</u>	<u>12,148</u>

**6 Management fees**

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Management fees (note 18)	<u>237,692</u>	<u>220,645</u>

In accordance with the Investment Management Agreement entered between the Fund and Fund Manager dated 1 January 2021, the Fund Manager is entitled to receive a management fee calculated at a rate of 1% per annum of the Fund's net assets attributable to unitholders, calculated on a monthly basis and payable quarterly in arrears from the incorporation date of the Fund.

**7 General and administrative expenses**

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Legal and professional expenses	29,398	2,169
Fees and subscription	17,601	12,397
Custodian fees (note 18)	16,836	19,812
Insurance expense	8,303	3,689
Allowance for expected credit losses	1,800	-
Preliminary expenses	-	96,684
Others	643	54
	<u>74,581</u>	<u>134,805</u>

**8 Basic and diluted earnings per unit**

Basic earnings per unit are calculated by dividing the profit for the period by the weighted average number of eligible units outstanding during the period.

	(Unaudited) Period ended 30 June 2022	(Unaudited) Period ended 30 June 2021
Profit attributable to unitholders of the Fund (RO)	948,758	1,483,895
Weighted average number of eligible units	471,186,386	471,186,386
Basic earnings per unit (RO)	<u>0.002</u>	<u>0.003</u>

The diluted earnings per unit are identical to the basic earnings per unit as there are no dilutive potential equity instruments.

**OMAN REIT FUND****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 30 JUNE 2022****9 Investment properties**

	(Unaudited) 30 June 2022 RO	(Unaudited) 31 December 2021 RO
<b>Opening balance</b>	<b>44,420,000</b>	-
Additions	-	44,948,049
Net loss on fair value of investment properties	-	(528,049)
<b>Closing balance</b>	<b>44,420,000</b>	<b>44,420,000</b>

The Fund's investment properties comprise of buildings held for rental income and capital appreciation which are located in the Sultanate of Oman.

Note 19 sets out how the fair value of the investment properties has been determined.

Details of the investment properties are as follows:

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
KOM 4 (ii)	14,300,000	14,300,000
Oasis mall	6,600,000	6,600,000
Misfah warehouse (iii)	4,000,000	4,000,000
E&Y building	3,800,000	3,800,000
Bait Al Sharq	3,120,000	3,120,000
Alwafi Complex	2,500,000	2,500,000
Bait Moznah	2,000,000	2,000,000
City Residence	1,750,000	1,750,000
Center Point	1,400,000	1,400,000
Orchid Complex	900,000	900,000
Mawalal warehouse	850,000	850,000
Lulu Salalah	890,000	890,000
Bait Al Majd	700,000	700,000
Bait Ruwi	650,000	650,000
Bait Al Qurum	560,000	560,000
Rusail factory	400,000	400,000
	<b>44,420,000</b>	<b>44,420,000</b>

- i. The Fund received control over all the investment properties during the previous period against which it had issued units to the unitholders. At the previous reporting date, the title deeds of the properties were in the name of the major unitholder, MODPF, except for (ii) and (iii). They were held for the beneficial interest of the Fund. In the current period, the transfers of the title deeds, except for (ii) and (iii), were completed in the name of the Fund.
- ii. The Fund has received the property, KOM 4, on leasehold terms for a period of 99 years. Accordingly, the property is recorded as a right-of-use asset and carried at fair value at the reporting date.

**OMAN REIT FUND****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 30 JUNE 2022****9 Investment properties (continued)**

- iii. Misfah Warehouse property is registered in the name of Al Misfah Real Estate Service and Development SPC, a related party of MODPF. It is mortgaged with a bank against a loan taken by the related party. At the date of authorisation of the condensed interim financial information, the related party is in process of arranging the release of the mortgage and the title deed is expected to be transferred to the Fund before the end of Q3 2022.
- iv. The investment properties were last revalued as at 31 December 2021. Management determined that the effect of changes in fair values between the last valuation and the reporting date is immaterial.

Details of the property income during the period are as follows:

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Rental income	1,857,503	2,361,398
Property operating expenses	(618,720)	(518,601)
Net property income	<u>1,238,783</u>	<u>1,842,797</u>

During the previous period, the Fund was supposed to receive 4 additional properties, against which the Fund had initially issued units to the unitholders (183,572,554 units). However, the Fund did not receive the control over those properties and hence, the amount was unpaid until the Fund decided to reduce the unitholders' fund by cancelling those units, which was approved in the EGM in the current period on 13 January 2022.

**10 Accounts receivable**

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
<b>Financial assets:</b>		
Accounts receivable	1,483,310	1,931,461
Less: allowance for expected credit losses	(9,000)	(7,200)
	<u>1,474,310</u>	<u>1,924,261</u>

All amounts are short-term. The net carrying value of accounts receivable is considered a reasonable approximation of fair value. Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash.

**11 Other receivables**

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
<b>Non-financial assets:</b>		
Prepayments	29,037	3,648
Others	8,639	18,756
	<u>37,676</u>	<u>22,404</u>

All amounts are short-term. The net carrying value of other receivables is considered a reasonable approximation of fair value.

**OMAN REIT FUND****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED 30 JUNE 2022****12 Bank balances**

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
Bank balances	<u>3,079,145</u>	<u>2,293,978</u>

Bank balances include balances with reputed commercial banks in Oman and are denominated in Omani Rial. The management believes that the expected credit loss is immaterial to the condensed interim financial information.

There are no restrictions on bank balances at the time of approval of this condensed interim financial information.

**13 Accounts payable**

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
<b>Financial liabilities:</b>		
Accounts payable	189,231	83,302
Management fee payable	<u>120,691</u>	<u>120,691</u>
	<u>309,922</u>	<u>203,993</u>

All amounts are short-term. The carrying values of accounts payable are considered to be a reasonable approximation of fair values.

**14 Other payables**

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
<b>Financial liabilities:</b>		
Other payables	204,121	575,737
Custodian fee payable (note 18)	17,353	40,638
<b>Non-financial liabilities:</b>		
Provision for stamp duty on investment properties	60,012	457,550
Security deposits	36,190	28,865
Unearned income	<u>135,683</u>	<u>54,768</u>
	<u>453,359</u>	<u>1,157,558</u>

All amounts are short-term. The carrying values of other payables are considered to be a reasonable approximation of fair values.

**15 Net asset value per unit**

Net assets per unit is calculated by dividing the equity attributable to the unitholders of the Fund at the reporting date by the number of units outstanding at the reporting date as follows:

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
Net assets (RO)	48,247,850	47,299,092
Number of units outstanding at the reporting date	<u>471,186,386</u>	<u>471,186,386</u>
Net asset value per unit (RO)	<u>0.102</u>	<u>0.100</u>

## OMAN REIT FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

#### 16 Dividends

During 2021, pursuant to the Board of Directors meetings held on 29 July 2021 and 31 October 2021, the Fund had announced cash dividends of RO 0.00175 per unit and RO 0.00175 per unit, respectively, on the basis of quarterly financial statements of the Fund. Accordingly, dividends amounting to RO 824,576 and RO 824,576 were paid in August 2021 and November 2021, respectively. The Board of Directors, on 4 July 2022, approved an interim cash dividend at the rate of one baiza per unit to all the unitholders.

#### 17 Taxation

In accordance with Article 117 of Income Tax Law, income accruing to investment funds set up in Sultanate of Oman, under the Capital Market Authority Law, is exempt from taxation.

#### 18 Related party transactions and balances

The Fund enters into certain transactions in the ordinary course of business with the unitholders, Board members of the Fund, Fund manager and entities under their control.

During the period, transactions with related parties were as follows:

	(Unaudited) Period ended 30 June 2022 RO	(Unaudited) Period ended 30 June 2021 RO
Rental income	767,118	2,361,398
Property operating expenses	251,814	105,300
Management fees (note 6) – Fund Manager	237,692	220,645
Administration and custodian expenses (note 7)	16,836	19,812
Board member fees	18,200	15,600

Balances with related parties in the condensed interim statement of financial position are as follows:

	(Unaudited) 30 June 2022 RO	(Audited) 31 December 2021 RO
<b>Due from a related party:</b>		
Accounts receivable	855,537	1,463,759
<b>Due to related parties:</b>		
Other payables	67,284	207,224
Management fee payable (note 6) – Fund Manager	124,082	57,404
Custodian fee payable	17,353	9,906
	208,719	274,534

Outstanding balances at the period end are unsecured, interest free, repayable on demand and settlement occurs in cash. There have been no guarantees provided or received for any related party balances.

#### 19 Fair value

##### (a) Financial instruments

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances and accounts receivable. Financial liabilities consist of accounts and other payables. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of financial assets and liabilities are not materially different from their carrying values.

## OMAN REIT FUND

### NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2022

#### 19 Fair value (continued)

##### (b) Non-financial instruments

Description of valuation techniques used and key inputs to valuation of investment properties:

	<b>Valuation Technique</b>	<b>Significant unobservable inputs</b>	<b>Range</b>
Investment properties	Income approach (investment method)	Capitalisation rate	6.5% - 10.75%
		Void rate	3% - 10%
		Operating costs	3% - 8%

Investment properties are stated at fair values, determined based on independent valuations performed by an independent third party, based on market basis, supported by market evidence.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

The following table provides the fair value measurement hierarchy of the Fund's assets.

<b>Fair value measurement using</b>			<b>Significant unobservable inputs (Level 3)</b>
<b>30 June 2022</b>	<b>Date of valuation</b>	<b>Total RO</b>	<b>RO</b>
Investment properties (note 9)	31 December 2021	<b>44,420,000</b>	<b>44,420,000</b>

There were no transfers between the levels during the period.

#### 20 Contingencies and commitments

##### 20.1 Contingent liabilities

As mentioned in note 9, one of the Fund's properties, Misfah Warehouse, is registered in the name of a related party, Al Misfah Real Estate Service and Development SPC. This property is pledged against a loan taken by the related party from a local bank in Oman for an amount of RO 3,050,000.

#### 21 Significant accounting judgements, estimates and assumptions

The preparation of the Fund's condensed interim financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Fund based its assumptions and estimates on parameters available when the condensed interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

**21 Significant accounting judgements, estimates and assumptions (continued)*****Fair valuation measurement***

Management uses valuation techniques to determine the fair value of financial instruments and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the asset. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (note 9).

***Provision for expected credit losses of accounts receivable***

The Fund uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., and gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Fund's accounts receivable is disclosed in note 10.

**22 Subsequent events after the reporting date**

No adjusting or significant non-adjusting events other than as disclosed in Note 16, have occurred between the reporting date and the date of authorization of this condensed interim financial information.