1 Legal status and activities

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 CMA or until the liquidation of the Fund.

The Fund was established by Trust Fund Management SPC (the "Previous 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. On 7 July 2022, FIM Partners Muscat SPC, a Single Person Company registered in the Sultanate of Oman in accordance with the Commercial Companies Law of Oman, was appointed as the fund manager for the Fund (the "Fund Manager") and replaced the Previous Fund Manager.

During 2021, the Fund proceeded with an 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 period ended 31 December 2021, 183,572,554 units were unpaid and there were 471,186,386 net units of RO 47,118,639. The major unitholder is Ministry of Defence Pension Fund ("MODPF") which holds 89.4%.

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. The registered address of the Fund is P.O. Box 1963, Postal Code 130, Bousher, Sultanate of Oman.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards board (IASB).

These financial statements are presented in Rial Omani (RO) which is considered as the currency of the primary economic environment in which the Fund operates ('the functional and presentation currency').

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis, except for investment properties that are measured at fair value.

2.3 New and amended Standards and Interpretations

Some accounting pronouncements which have become effective from 1 January 2022 and have therefore been adopted do not have a significant impact on the Fund's financial results or position.

2 Summary of significant accounting policies (continued)

2.4 New and amended Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Fund and no Interpretations have been issued that are applicable and need to be taken into consideration by the Fund at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Fund’s financial statements.

2.5 Revenue recognition

Rental income
Leases in which the Fund does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Minimum lease payments are recognised on a straight-line basis over the lease term and contingent rents are recognised as revenue in the period in which they are earned, net of value added tax (VAT). Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. When the Fund provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.6 Investment properties
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Fund considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Fund accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.7 Dividends
Dividends are at the discretion of the Fund. Dividend to the Fund’s unitholders is accounted for as a deduction from net assets attributable to unitholders. The Fund recognises a liability to pay a dividend when it is approved by the unitholders.

2 Summary of significant accounting policies (continued)

2.8 Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of accounts receivable that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset. The Fund's financial assets includes bank balances and accounts and other receivables.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

a) Financial assets at fair value through profit and loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income. This category includes derivative instruments and listed equity investments which the Fund had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category. The Fund does not have any such instruments.

(b) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Fund. The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets at amortised cost includes bank balances, accounts receivable and other receivables.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Impairment of financial assets

For accounts receivable, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities includes account payable and other payables.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

(a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Fund has not designated any financial liability as at fair value through profit or loss.

(b) Financial liabilities at amortised cost
This is the category most relevant to the Fund. After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2 Summary of significant accounting policies (continued)

2.9 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the statement of comprehensive income.

2.10 Accounts and other payables

Liabilities are recognised for amounts to be paid for goods and services received, whether billed by the supplier or not.

2.11 Cash and bank balances

For the purpose of statement of the cash flows, cash and bank balances comprise of cash at bank including overdraft balance (if any) in a reputable bank which are subject to an insignificant risk of changes in value.

2.12 Net assets attributable to unitholders

Net assets attributable to unitholders are classified as financial liabilities as they do not meet the conditions to be classified as equity. The net assets value (NAV) is calculated by dividing the net assets of the Fund by the numbers of units outstanding at year end.

2.13 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.14 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic decisions maker.

The Fund’s operating activities are disclosed in note 1 to the financial statements. The strategic business unit offers similar products and services and is managed as one segment. For the strategic business unit, the Chief Executive Officer reviews internal management reports on a monthly basis.

Performance is measured based on the profit for the period, as included in the internal management reports. The Chief Executive Officer considers the business of the Fund as one operating segment and monitors accordingly.

2.15 Fair value measurement

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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2 Summary of significant accounting policies (continued)

2.15 Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Fund’s exposure to each of the above risks, the Fund’s objectives, policies and processes for measuring and managing risk, and the Fund’s management of capital. Further quantitative disclosures are included throughout these financial statements. The Fund’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund’s financial performance. The Board of Directors has overall responsibility for establishing and overseeing the Fund’s risk management framework. The Board has entrusted the management with the responsibility of developing and monitoring the Fund’s risk management policies and procedures and its compliance with them.

The Fund’s principal financial liabilities comprise accounts payable and other payables. The main purpose of these financial liabilities is to finance for the Fund’s operations. The Fund has financial assets such as accounts and other receivables and bank balances.

The Fund is exposed to market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks which are summarised below:

3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk.

3 Financial risk management (continued)

3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Fund is not exposed to any interest rate risk.

3.3 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Fund is not exposed to any currency risk as it deals mainly in Rial Omani.

3.4 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk on cash and bank balances and accounts receivable.

The Fund limits its credit risk with regards to bank balances by only dealing with reputable banks in the Sultanate of Oman. With respect to credit risk arising from the financial assets of the Fund, including cash and bank balances and accounts receivable, the Fund's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments in the statement of financial position.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	31 December 2022 RO	31 December 2021 RO
Bank balances	**2,645,025**	2,293,978
Accounts receivable	**1,255,373**	1,924,261
Other receivables	**13,811**	22,404
	3,914,209	4,240,643

3.5 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund limits its liquidity risk by ensuring that sufficient funds are provided by the unitholders.

The table below summarises the maturity profile of the Fund's financial assets and liabilities based on contractual undiscounted payments:

31 December 2022	**Less than 12 months RO**
Accounts payable	**256,599**
Other payables	**296,455**
	553,054

This compares to the maturity of the financial liabilities in the previous reporting period as follows:

31 December 2021	Less than 12 months RO
Accounts payable	203,993
Other payables	1,157,558
	1,361,551

3 Financial risk management (continued)

3.6 Capital management

For the purpose of the Fund's capital management, capital includes unitholders' funds. The primary objective of the Fund's capital management is to maximise the unitholders' value.

The Fund manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Fund may adjust the dividend payment to unitholders, return capital to unitholders or issue new units.

4 Rental income

	Year ended 31 December 2022 RO	For the period from 20 December 2020 to 31 December 2021 RO
Rental income	**3,711,853**	4,372,528

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 only one business segment, which is real estate. No geographical analysis has been disclosed as 100% of the Fund's revenue is from properties and customers based in the Sultanate of Oman.

5 Other income

	Year ended 31 December 2022 RO	For the period from 20 December 2020 to 31 December 2021 RO
Interest income	**72,120**	38,926
Parking fees	**64,817**	21,707
	136,937	60,633

6 Management fees

	Year ended 31 December 2022 RO	For the period from 20 December 2020 to 31 December 2021 RO
Management fees (note 18)	**455,426**	455,572

In accordance with the Investment Management Agreement entered between the Fund and Fund Manager dated 7 July 2022, the Fund Manager is entitled to receive a management fee calculated at a rate of 0.9% per annum of the Fund's NAV, calculated on a monthly basis payable quarterly.

In accordance with the Investment Management Agreement entered between the Fund and Previous Fund Manager dated 1 January 2021, the Previous Fund Manager was entitled to receive a management fee calculated at a rate of 1.0% per annum of the Fund's NAV, calculated on a monthly basis and payable quarterly in arrears from the incorporation date of the Fund.

7 Administration and custodian expenses

	Year ended 31 December	For the period from 20 December 2020 to 31 December

	2022 RO	2021 RO
Fees and subscription	**68,127**	38,495
Custodian fees (note 18)	**30,054**	40,638
Legal and professional expenses	**25,357**	28,885
Insurance expense	**17,715**	11,148
Allowance for expected credit losses	**1,800**	7,200
Preliminary expenses	**-**	193,368
Others	**53,171**	1,280
	196,224	321,014

8 Basic and diluted earnings per unit

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

	Year ended 31 December 2022	For the period from 20 December 2020 to 31 December 2021
Profit attributable to unitholders of the Fund (RO)	**2,011,621**	1,829,605
Weighted average number of eligible units	**471,186,386**	471,186,386
Basic earnings per unit (RO)	**0.0043**	0.0039

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

9 Investment properties

	31 December 2022 RO	31 December 2021 RO
At 1 January	44,420,000	-
Additions	-	44,948,049
Net gain/(loss) on fair value of investment properties	116,000	(528,049)
At 31 December	44,536,000	44,420,000

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.

9 Investment properties (continued)

Details of the investment properties are as follows:

	31 December 2022 RO	31 December 2021 RO

KOM 4 (ii)	**14,300,000**	14,300,000
Oasis mall	**6,600,000**	6,600,000
Misfah Warehouse (iii)	**4,050,000**	4,000,000
E&Y building	**3,500,000**	3,800,000
Bait Al Sharq	**3,620,000**	3,120,000
Alwafi Complex	**2,340,000**	2,500,000
Bait Moznah	**1,730,000**	2,000,000
City Residence	**1,900,000**	1,750,000
Chinese Village	**1,575,000**	1,400,000
Orchid Complex	**925,000**	900,000
Mawalah Warehouse	**890,000**	850,000
Lulu Salalah	**890,000**	890,000
Bait Al Majd	**660,000**	700,000
Bait Ruwi	**660,000**	650,000
Bait Al Qurum	**546,000**	560,000
Rusail factory	**350,000**	400,000
	44,536,000	44,420,000

i. The Fund received control over all the investment properties during the previous period against which it issued units to the unitholders. At 31 December 2021, the title deeds of the properties were held in the name of the Fund, except for (ii), which was acquired by the Fund on leasehold terms, and (iii) which was held in the name of a related party of the major unitholder, MODPF, for the beneficial interest of the Fund. During the year, the transfer of the title deed, except (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.

iii. Misfah Warehouse property is registered in the name of Al Misfah Real Estate Service and Development SPC, a related party of MODPF. It was previously mortgaged with a local commercial bank against a loan taken by the related party. During the year, the related party cleared the bank loan and released the mortgage with the bank. Subsequent to the reporting date, transfer of the title deed of Misfah Warehouse was completed in the name of the Fund.

10 Accounts receivable

	31 December 2022 RO	31 December 2021 RO
Financial assets:		
Accounts receivable	**1,264,373**	1,931,461
Less: allowance for expected credit losses	**(9,000)**	(7,200)
	1,255,373	1,924,261

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Set out below is the information about the credit risk exposure on the Fund’s accounts receivable:

31 December 2022	**< 30 days RO**	**30 – 90 days RO**	**> 90 days RO**	**Total RO**
Gross carrying amount	435,807	198,281	630,285	**1,264,373**
Less: allowance for expected credit losses	-	-	(9,000)	**(9,000)**
	435,807	**198,281**	**621,285**	**1,255,373**

10 Accounts receivable (continued)

The figures of the Fund for the comparative period are as follows:

31 December 2021	< 30 days RO	30 – 90 days RO	> 90 days RO	Total RO
Gross carrying amount	1,613,378	127,643	190,440	1,931,461

Less: allowance for expected credit losses	(600)	(1,200)	(5,400)	(7,200)
	1,612,778	126,443	185,040	1,924,261

11 Other receivables

	31 December 2022 RO	31 December 2021 RO
Non-financial assets:		
Prepayments	**4,604**	3,648
Others	**9,207**	18,756
	13,811	22,404

12 Bank balances

	31 December 2022 RO	31 December 2021 RO
Bank balances	**2,645,025**	2,293,978

Bank balances includes 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 financial statements.

There are no restrictions on bank balances at the time of approval of these financial statements.

13 Accounts payable

	31 December 2022 RO	31 December 2021 RO
Financial liabilities:		
Management fee payable	**113,966**	120,691
Accounts payable	**142,633**	83,302
	256,599	203,993

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

14 Other payables

	31 December 2022 RO	31 December 2021 RO
Financial liabilities:		
Other payables	**49,816**	575,737
Custodian fee payable (note 18)	**6,881**	40,638
Non-financial liabilities:		
Unearned income	**139,650**	54,768
Provision for stamp duty on investment properties	**60,012**	457,550
Security deposits	**40,096**	28,865
	296,455	1,157,558

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

15 Net assets 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:

	31 December 2022	31 December 2021
Net assets (RO)	**47,897,155**	47,299,092
Number of units outstanding at 31 December	**471,186,386**	471,186,386
Net assets per units (RO)	**0.102**	0.100

16 Dividends

During 2022, pursuant to the Board of Directors meetings held on 4 July 2022, 27 July 2022 and 20 October 2022, the Fund had announced cash dividends of RO 0.001 per unit, RO 0.001 per unit and RO 0.001 per unit, respectively, on the basis of quarterly financial statements of the Fund. Accordingly, dividends amounting to RO 471,186, RO 471,186 and RO 471,186 were paid in July 2022, August 2022 and November 2022 respectively. Further, at their meeting held on 27 February 2023, the Board of Directors proposed a dividend of RO 0.0011 per unit (aggregating to RO 581,305) which will be submitted for the final approval at the AGM of the Fund to be held in March 2023.

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.

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 year, the transactions with related parties were as follows:

	Year ended 31 December 2022 RO	For the period from 20 December 2020 to 31 December 2021 RO
Rental income (KOM 4)	**1,494,593**	2,242,203
Property operating expenses (KOM 4)	**122,510**	735,290
Management fees (note 6) – Fund Manager	**455,426**	455,572
Additions to investment properties, net	**-**	44,948,049
Administration and custodian expenses (note 7)	**30,054**	40,638
Board sitting fees	**33,850**	30,900

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

	31 December 2022 RO	31 December 2021 RO
Due from a related party:		
Accounts receivable (KOM 4)	**1,036,448**	1,463,759
Due to related parties:		
Other payables (KOM 4)	**-**	536,627
Management fee payable (note 13) – Fund Manager	**113,966**	120,691
Custodian fee payable	**6,881**	40,638
	120,847	697,956

Madayn (KOM 4) was a related party for a part of the year 2022, and it was a related party for the entire period 2021.

18 Related party transactions and balances (continued)

Outstanding balances at the year 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 measurement

(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 payable 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.

(b) Non-financial instruments

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

	Valuation technique	**Significant unobservable inputs**	**2022**
Investment properties	Income approach (investment method)	Growth rate	5% - 10%
		Terminal rate	7.3% - 11%
		Discount rate	9%
		Equivalent Cap rate	5.3% - 9.4%
	Cost approach	Direct cost	10%
		Land rate	RO 325 per sqm

Description of valuation techniques used and key inputs to valuation of investment properties in the previous reporting period as follows:

	Valuation technique	Significant unobservable inputs	2021
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.

19 Fair value measurement (continued)

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

	2022	2021
	Significant unobservable inputs Level 3	Significant unobservable inputs Level 3
Investment properties (note 9)	**44,536,000**	44,420,000

There were no transfers between the levels during the year (2021: no transfers).

20 Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities according to when they are expected to be recovered or settled respectively as at 31 December:

	2022 Within 12 months RO	2021 Within 12 months RO
Financial assets		
Accounts receivable	**1,255,373**	1,924,261
Bank balances	**2,645,025**	2,293,978
	3,900,398	4,218,239
Financial liabilities		
Accounts payable	**256,599**	203,993
Other payables	**56,697**	616,375
	313,296	820,368

21 Contingencies and commitments

21.1 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. Up to the period ended 30 June 2022, this property was pledged against a loan taken by the related party from a local bank in Oman for an amount of RO 3,050,000 and thereafter, the mortgage on the property has been released. Accordingly, at the reporting date, there were no contingent liabilities.

21.2 Legal cases

During the year, the Fund has filed legal case against few of its tenants due to non-payment of rents (2021: no cases).

22 Significant accounting judgements, estimates and assumptions

The preparation of the Fund's financial statements 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 financial statements were 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.

22 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 19).

Provision for expected credit losses on 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 in real estate sector 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. 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 and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances. The Fund's historical credit loss experience and forecast of other 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.

Provision for expected credit losses on cash at bank
Although cash at bank is subject to the impairment requirement of IFRS 9, the identified impairment loss was immaterial.

23 Subsequent events after the reporting date
No adjusting or significant non-adjusting events, other than the events mentioned in note 9, have occurred between the reporting date and the date of authorization of these financial statements.

24 Comparative figures
The statements of comprehensive income, changes in unitholders' fund and the cash flows for the year ended 31 December 2022 are not comparable with the prior period figures which were for around 13 months period ended 31 December 2021.