

Board of Directors’ Report

March 31, 2023

Dear Unitholders,

On behalf of Oman REIT Fund Management Body, I am pleased to present you the reviewed financial results and performance report for the quarter ended 31 March 2023.

Financial Performance:

The fund performance was satisfactory during the period ended 31 March 2023. It achieved gross rental income of OMR 943k for Q1 2023 while it earned other income of OMR 25K. The properties incurred operation & maintenance expenses of OMR 264k during the period, while the fund incurred an operating & administration expenses of OMR 148K, with the fund achieving a net profit of OMR 555k for the period, which represents an increase of 11.5% as compared to Q1 2022.

Dividend Distribution:

The fund has approved interim cash dividends of 1 baiza per unit each for the first 3 quarters of 2022, which were distributed in July, Aug & Nov 2022 and a cash dividend of 1.1 baiza per unit in relation to Q4 2022, distributed in March 2023, resulting in total dividend distribution of RO 1.9 million, for the year 2022.

At the end of March 2023, Oman REIT Fund had total assets of RO 48.44 million, out of which RO 44.53 million are in investments properties. The total unitholders’ fund as at the end of March 31, 2023, reached RO 47,933,958 which translates into a Net Asset Value per Unit of RO 0.102.

Fund Performance	Amount in (RO)		
Particulars	March 31, 2023	March 31, 2022	% Difference
Total Fund Income	968,256	946,259	2.3%
Fund Expenses (including impairment)	(413,148)	(448,548)	(7.9) %
Net Profit / (Loss)	555,108	497,712	11.5%

Particulars	Amount in (RO)	
As on	March 31, 2023	March 31, 2022
Net Asset Value in R.O	47,933,958	47,796,804

Units Outstanding	471,186,386	471,186,386
Net Asset Value per unit – RO	0.102	0.101

We have been working on implementing our business plan which was set earlier in 2022, which includes: increasing occupancies, which has been reflected in the majority of its multi-let assets, optimizing operating expenses with a primary focus on its largest asset, KOM-4, the implementation of a strategic value-add program with an initial test case on 2 assets, raising leverage and building a pipeline of new assets to enhance the overall average portfolio yield and REIT WAULT.

We have started reducing operating expenses, through the combination of active management, setting operating budgets, and renegotiation with service providers.

On average, our portfolio occupancy has increased from c. 75% to c. 80% Q-o-Q.

We have commissioned value-add works on some buildings, this strategy will be extended to other buildings.

We have received substantial interest from lenders and are on track to close a financing facility which will be deployed in the acquisition of new properties, to further diversify the REIT’s portfolio and enhance its yield and WAULT.

We have been working on building a healthy pipeline of assets and are on track to consummate our first transaction in Muscat.

In relation to communication with unitholders, as previously disclosed in the last quarter, we are finalizing the development of a website for the REIT and preparing an annual report for FY 2022, which should be released to the investors by the end of April 2023.

Future Outlook:

Despite the strong challenges posed by market condition, the Fund’s portfolio performance continues to be stable. The unitholders’ retail and industrial properties continue to perform well, given the predictable nature of their cashflows generated by long-leases. The unitholders’ residential properties have witnessed marginal increases in occupancy, and stable rental rates, whereas our commercial properties saw mixed performances, with some properties witnessing marginal increases in occupancies, while others saw drops in mainly attributed to discounts given to tenants during the pandemic. KOM-4, which has experienced drops in occupancies and revenue driven by the overall macroeconomic situation and changes in regulations allowing IT companies to be licensed on-shore, has experienced an uplift in occupancy and revenue Q-o-Q. We are hoping the market continues to stabilize, which will further help the Fund’s overall performance. We are closely monitoring market conditions as they unfold and remain vigilant to the sensitivities this brings to our rental income. The fund management continue to be focused on customer retention by providing enhanced tenant engagement and better living experience for tenants in our properties as further detailed above, we are also working on optimizing operating expenses and implementing our business plan to further optimize the Fund’s performance and further diversify the Fund’s portfolio.

On behalf of the Board of Directors, we extend our sincere thanks to the unitholders for the trust granted to the Fund, and we also express our thanks and appreciation to the Capital Market Authority, the Stock Exchange, Muscat, for their efforts and contribution to building a growing fund under the wise leadership of His Majesty Sultan Haitham bin Tariq Al Said, asking the Mighty and Sublime, for further progress and prosperity.

On Behalf of the Fund Management body

Chairman Signature