

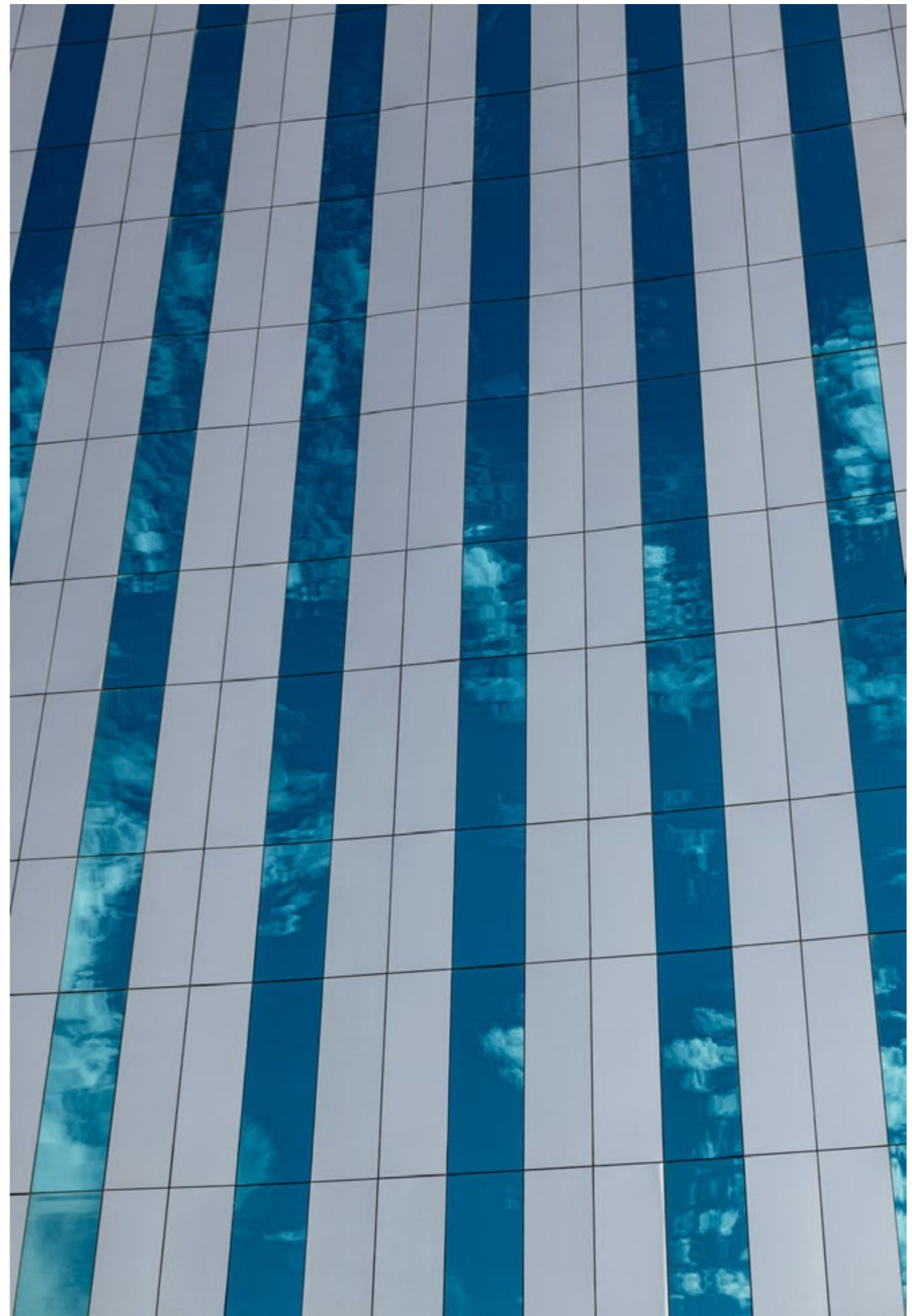


عمان ريت  
OMAN REIT

ANNUAL REPORT  
2 0 2 2

# ANNUAL REPORT 2022

OMAN REIT FUND  
Close Ended Investment Fund



HIS MAJESTY  
THE LATE SULTAN QABOOS BIN SAID



HIS MAJESTY  
SULTAN HAITHAM BIN TARIQ



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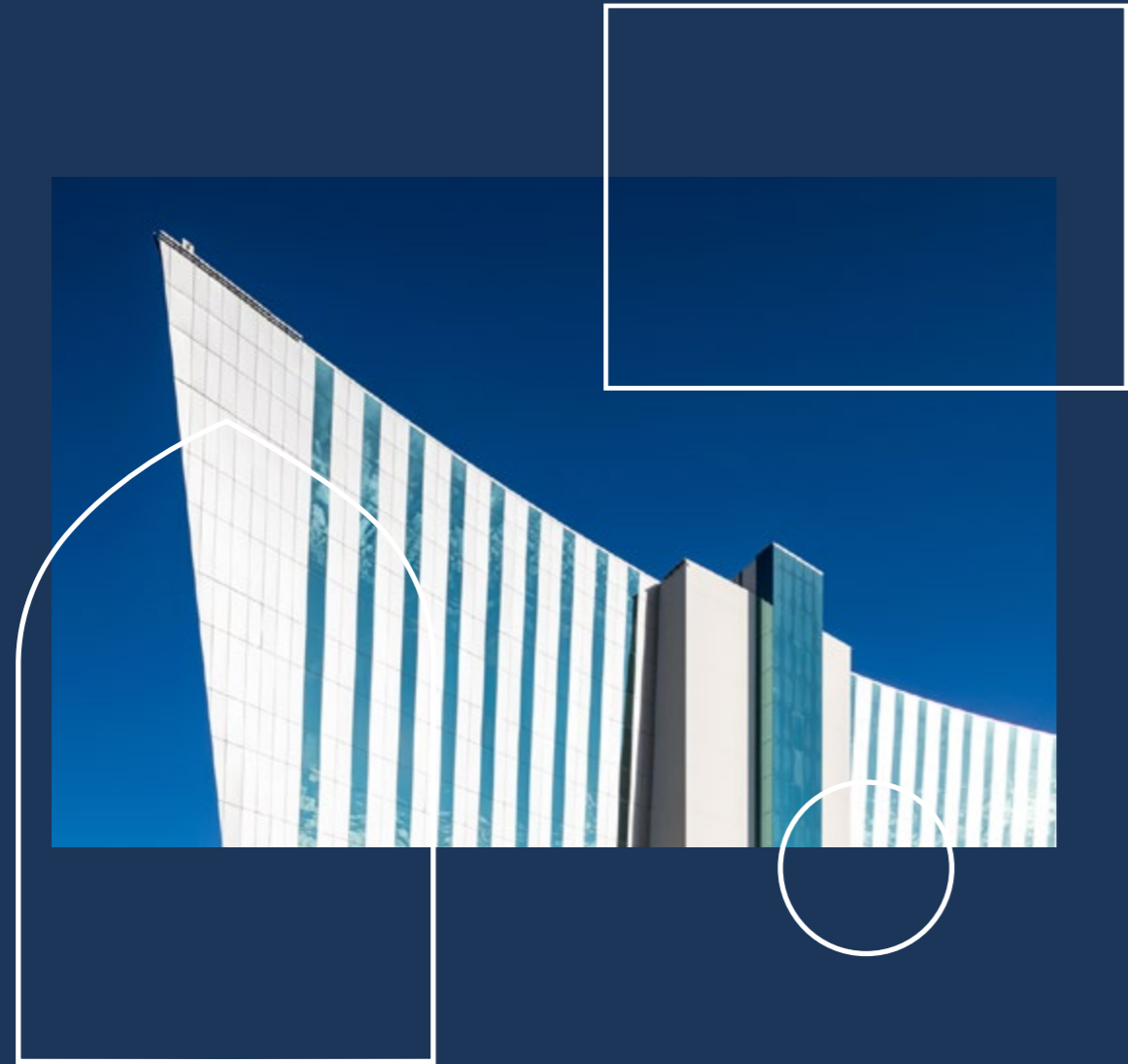
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OMAN REIT

# 01.

## ABOUT OMAN REIT

Oman REIT Fund (the "REIT" or "Oman REIT") was listed in February 2021 on the Muscat Stock Exchange, under ticker symbol OMRF, to become the first diversified multi-asset Real Estate Investment Trust (REIT) in Oman. The purpose of the REIT is to provide investors with a professionally managed means of participating in the Omani institutional real estate market.

Seeded from the Ministry of Defense Pension Fund, the REIT has over OMR 48.5 million (c. USD 126 million) of assets under management in its portfolio and includes flagship assets such as KOM-4, Oasis Mall, Qurum Office Building and Misfah Warehouse. As of 31 December 2022, Oman REIT's portfolio was comprised of 4 office, 6 residential, 3 retail and 3 industrial assets located predominantly in Muscat (14) and Salalah (2).

Oman REIT is managed by FIM Partners Muscat SPC (the "REIT Manager"), a subsidiary of FIM Partners, a specialized asset manager with north of USD 2.7 billion of assets under management, with offices in Dubai, Muscat, Riyadh and London. For more information, please visit FIM Partners' website at [www.fimpartners.com](http://www.fimpartners.com)

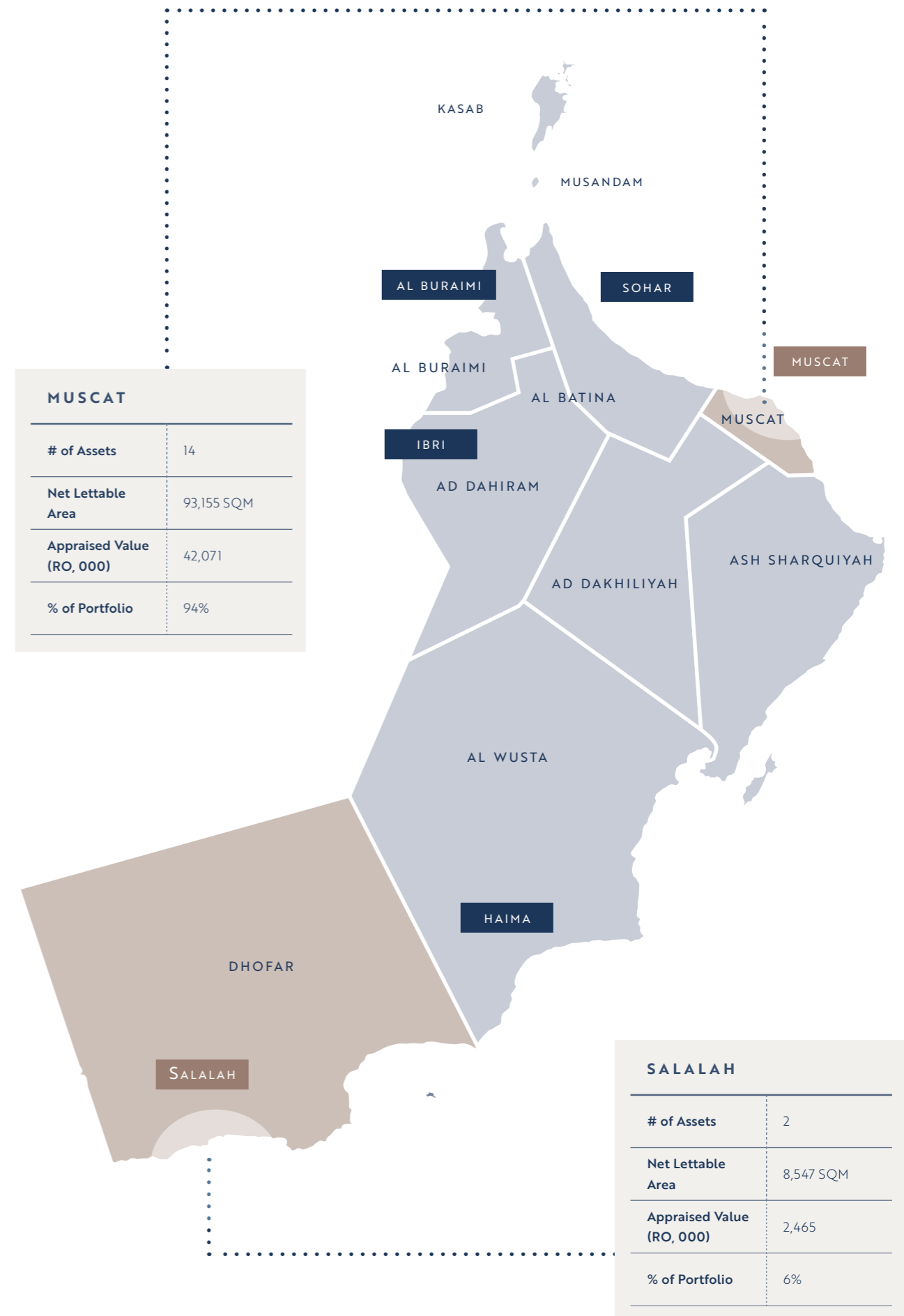
Our strategy is to further develop the REIT's size with a focus on enhancing the REIT's dividend yield and weighted average unexpired lease term (WAULT), to further increase portfolio diversification and the REIT's income predictability.

### OPERATIONAL SUMMARY

# of Assets	16
Net Lettable Area	101,702 sqm
Portfolio Occupancy	80%
WAULT	2.3 years
Portfolio Value	OMR 44.5 million
Cash & Bank Balances	OMR 2.6 million

### FINANCIAL SUMMARY

Revenue	OMR 3,711,853 (2021: 4,372,528)
Net Profit	OMR 2,011,621 (2021: 1,829,605)
Gross Asset Value	OMR 48,450,209 (2021: 48,660,643)
Net Asset Value	OMR 47,897,155 (2021: 47,299,092)



# 02.

## CHAIRMAN'S MESSAGE



On behalf of Oman REIT's Fund Management Body, I am pleased to present you the annual report for the year ended 31 December 2022.

The REIT's performance was satisfactory during the period ended 31 December 2022. It achieved a gross rental income of OMR 3.71 million for FY 2022 while it earned other income of OMR 136k and net income on fair value of investment profit of OMR 116k. The REIT incurred operation & maintenance expenses of OMR 1.26 million and operating & administration expenses of OMR 685K, leading to the REIT achieving a net profit of OMR 2.01 million for the period, which represents an increase of 10% y-o-y as compared to 2021.

At the end of December 2022, the REIT had total assets of OMR 48.45 million, out of which OMR 44.53 million constituted of the property investments. The total unitholders' fund as at the end of Dec 31, 2022, reached OMR 47,897,153 which translates into a Net Asset Value per Unit of OMR 0.102.

In July 2022, the Fund Management Body elected to appoint FIM Partners Muscat SPC, a subsidiary of FIM Partners, as its new REIT Manager. Bringing north of 14 years of experience in investment management, FIM Partners manages c. \$2.7 billion of assets on behalf of institutional investors in equities, real estate, and fixed income, with offices in Dubai, Muscat, Riyadh and London.

As the new REIT Manager, FIM Partners presented its business plan to the board members during the board meeting held in October 2022. We have been working on implementing the subject business plan 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.

Despite the strong challenges posed by market conditions, the REIT's portfolio performance continues to be stable. The unitholders' retail and industrial assets continue to perform well, given the predictable nature of their cashflows generated by long-leases. The unitholders' residential assets have witnessed marginal increases in occupancy, and stable rental rates, whereas our commercial assets saw mixed performances, with some assets witnessing marginal increases in occupancies, while others saw drops mainly attributed to discounts given to tenants during the pandemic and drops in revenue in KOM-4, driven by the overall macroeconomic situation and changes in regulations allowing IT companies to be licensed on-shore. We are hoping the market continues to stabilize, which will further help the REIT's overall performance. We are closely monitoring market conditions as they unfold and

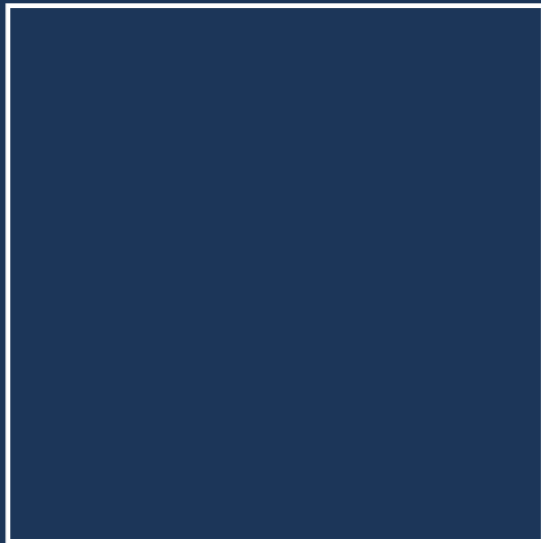
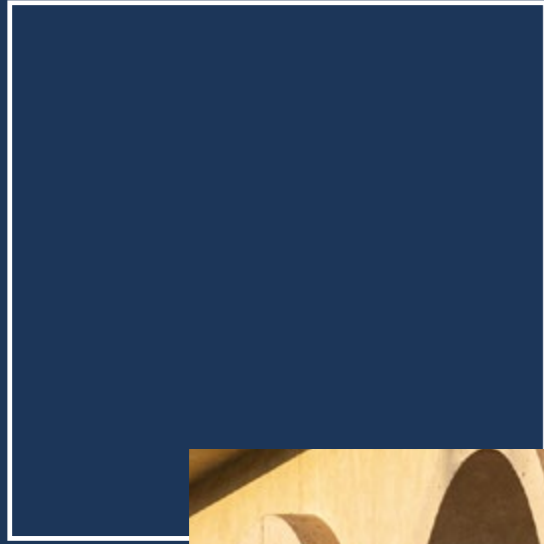
remain vigilant to the sensitivities this brings to our rental income. The fund management continue to be focused on customer retention by providing enhanced tenant engagement and better living experience for tenants in our assets as further detailed above, we are also working on optimizing operating expenses and implementing our business plan to further optimize the REIT's performance and further diversify the REIT's portfolio.

On behalf of the Board of Directors, we extend our sincere thanks to the unitholders for the trust granted to the REIT, 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 REIT under the wise leadership of His Majesty Sultan Haitham bin Tariq Al Said, asking the Mighty and Sublime, for further progress and prosperity.

**Mustafa Ahmed Salman**  
Chairman







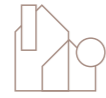
# PORTFOLIO

# 03.

## PORTFOLIO



OFFICE ASSETS



RESIDENTIAL ASSETS



RETAIL ASSETS



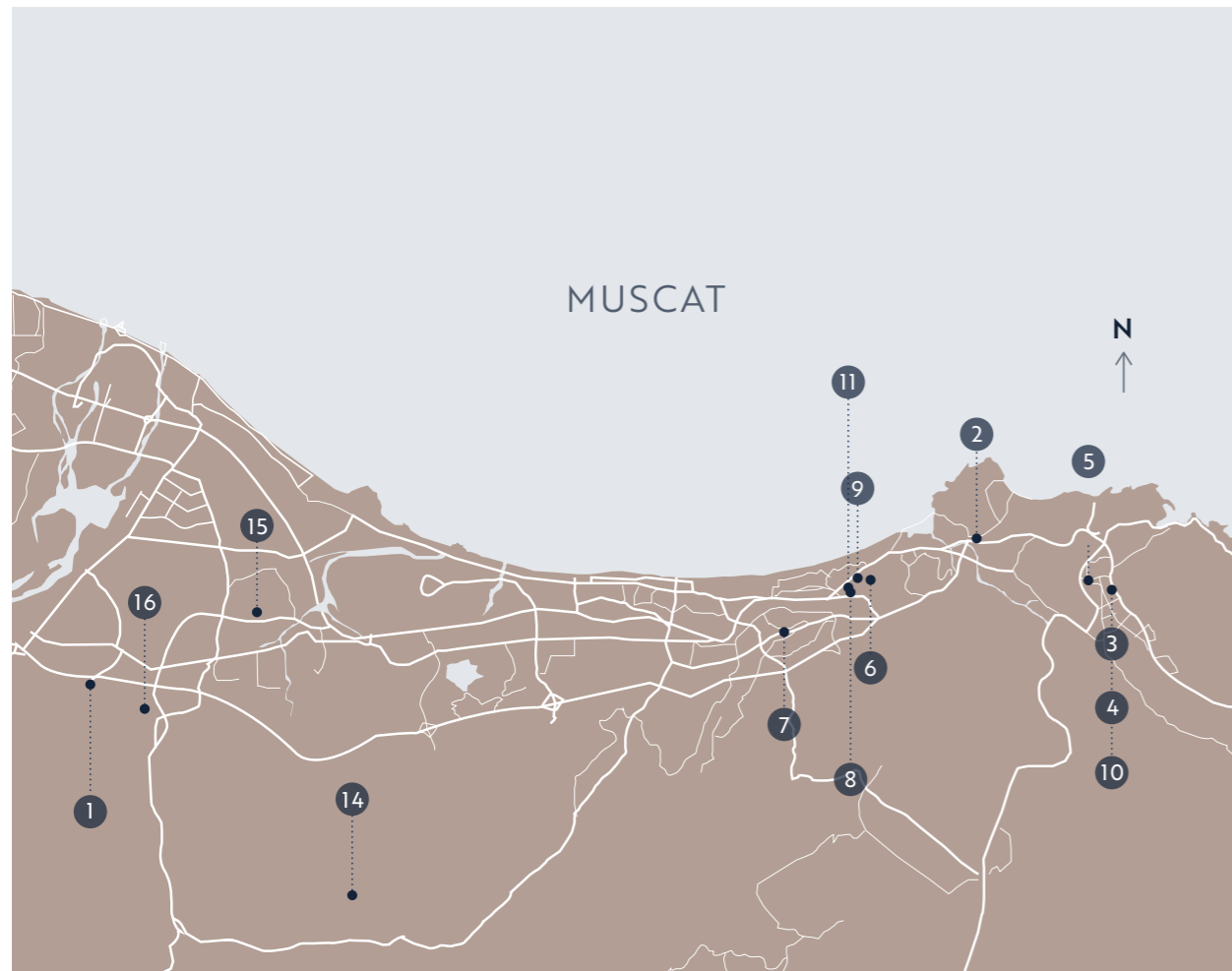
INDUSTRIAL ASSETS

- |                          |                   |                     |                       |
|--------------------------|-------------------|---------------------|-----------------------|
| 1. KOM4                  | 5. BAIT SHARQ     | 11. OASIS MALL      | 14. MISFAH WAREHOUSE  |
| 2. QURUM OFFICE BUILDING | 6. WAFI VILLAS    | 12. CHINESE VILLAGE | 15. MAWALEH WAREHOUSE |
| 3. BAIT MAJD             | 7. BAIT MOZNAH    | 13. LULU SALALAH    | 16. RUSAYL FACTORY    |
| 4. BAIT QURUM            | 8. CITY RESIDENCE |                     |                       |
|                          | 9. ORCHID VILLAS  |                     |                       |
|                          | 10. BAIT RUWI     |                     |                       |

As at 31st December 2022, Oman REIT held 4 office, 6 residential, 3 retail and 3 industrial assets located predominantly in Muscat (14) and Salalah (2), in its portfolio. The total value of the portfolio was OMR 44,5 million, with a total net lettable area of 101,702 sqm.

All assets are directly managed and maintained by an experienced asset management team, who work closely with selected third-party property and facility managers.

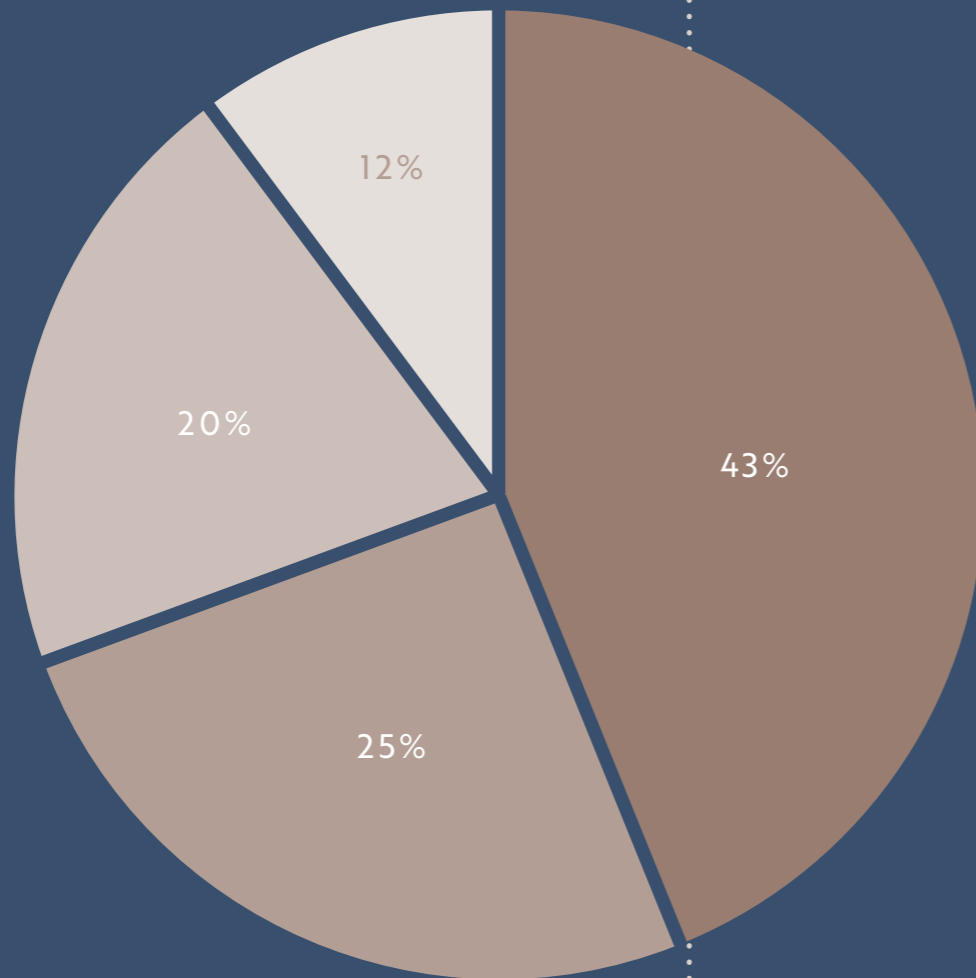
The REIT's portfolio consists of the following assets:



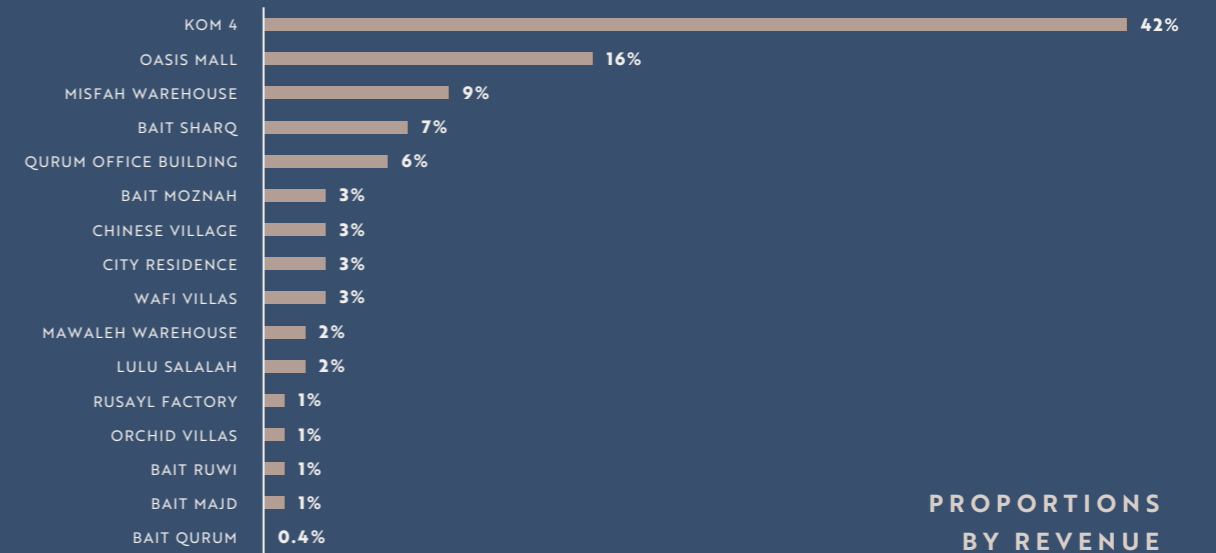
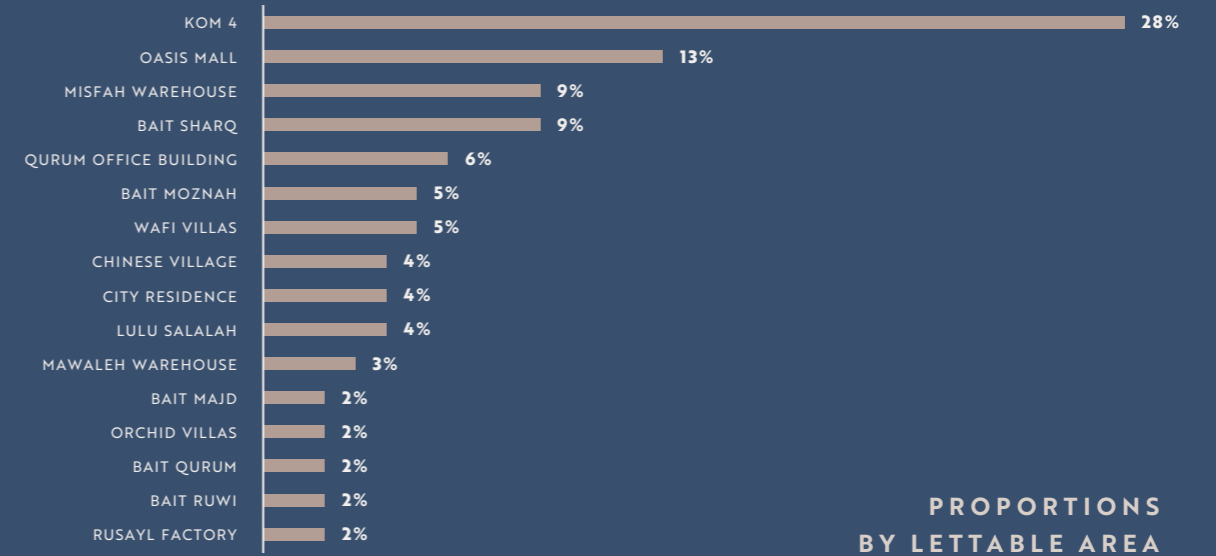
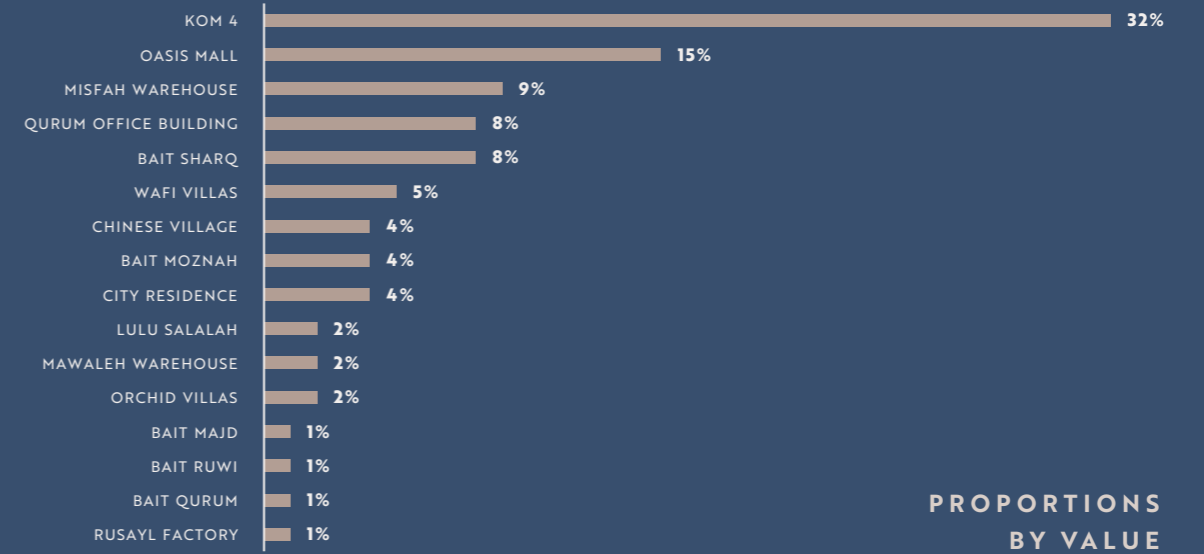
# 04.

## SHARE OF PORTFOLIO

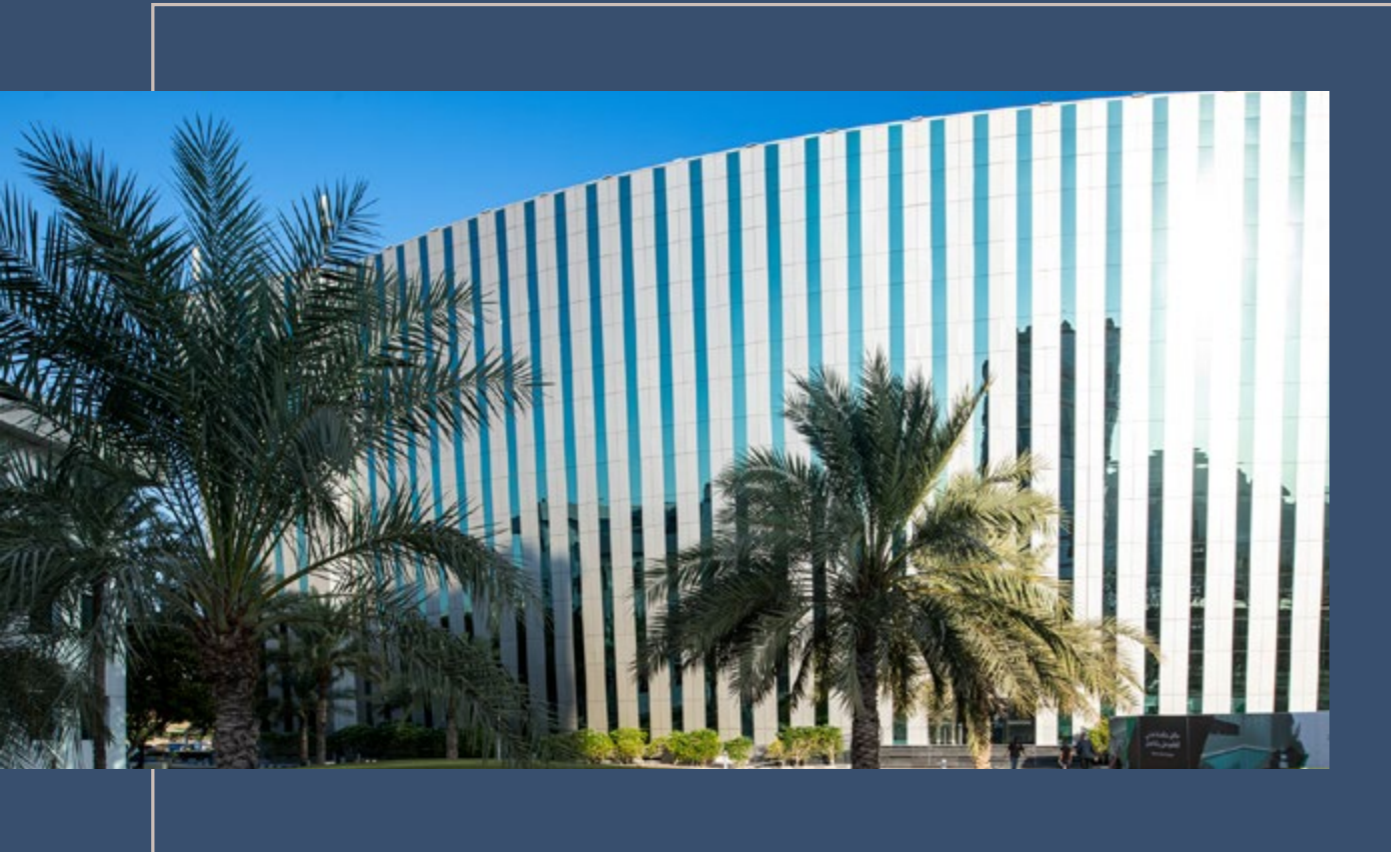
SECTOR ALLOCATION OF ASSETS



- OFFICE
- RESIDENTIAL
- RETAIL
- INDUSTRIAL







## 05. OFFICE ASSETS

KOM 4  
Qurum Office Building  
Bait al Qurum  
Bait Al Majd

**43 %**

MARKET VALUE

**38 %**

NET LETTABLE AREA

**49 %**

REVENUE

# KOM 4

Plot No. 144, Block Title: Al Rusayl Industrial, Al Seeb, Muscat, Sultanate of Oman

**14,300,000 OMR**  
MARKET VALUE

**28,933 SQM**  
NET LETTABLE AREA

**32 %**  
PROPORTION  
BY ASSET VALUE

**60 %**  
OCCUPANCY

**0.3 YEARS**  
WAULT



# QURUM OFFICE BUILDING

Plot 219, Al Qurum, Bausher, Muscat, Sultanate of Oman

**3,500,000 OMR**  
MARKET VALUE

**5,910 SQM**  
NET LETTABLE AREA

**8 %**  
PROPORTION  
BY ASSET VALUE

**80 %**  
OCCUPANCY

**0.7 YEARS**  
WAULT



# BAIT MAJD

Plot 138, MBD-South, Greater Muttrah, Muscat Governate, Sultanate of Oman

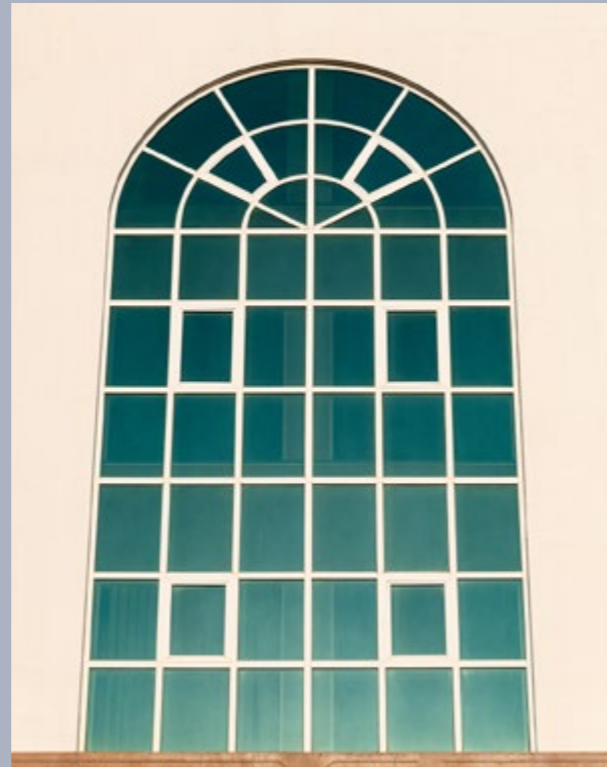
**660,000 OMR**  
MARKET VALUE

**2,234 SQM**  
NET LETTABLE AREA

**1 %**  
PROPORTION  
BY ASSET VALUE

**58 %**  
OCCUPANCY

**0.5 YEARS**  
WAULT





# BAIT AL QURUM

Plot 137, MBD-South, Greater Muttrah, Muscat Governate, Sultanate of Oman

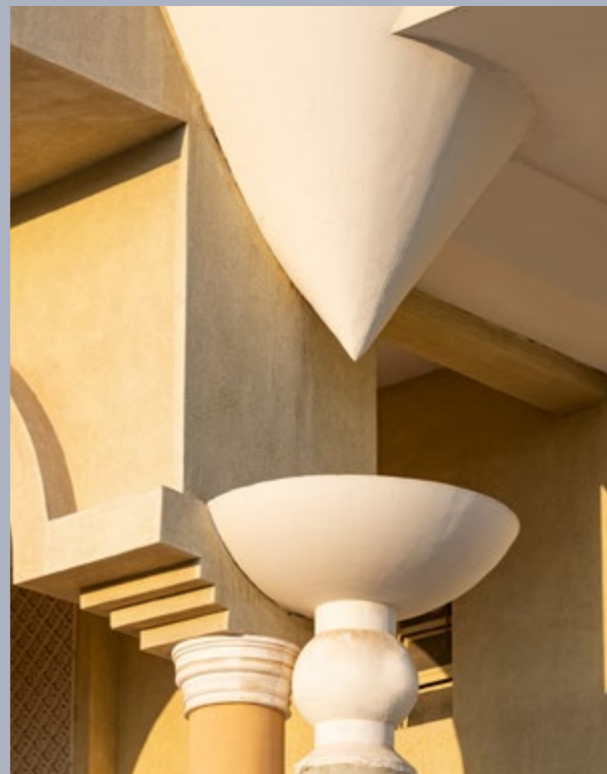
**546,000 OMR**  
MARKET VALUE

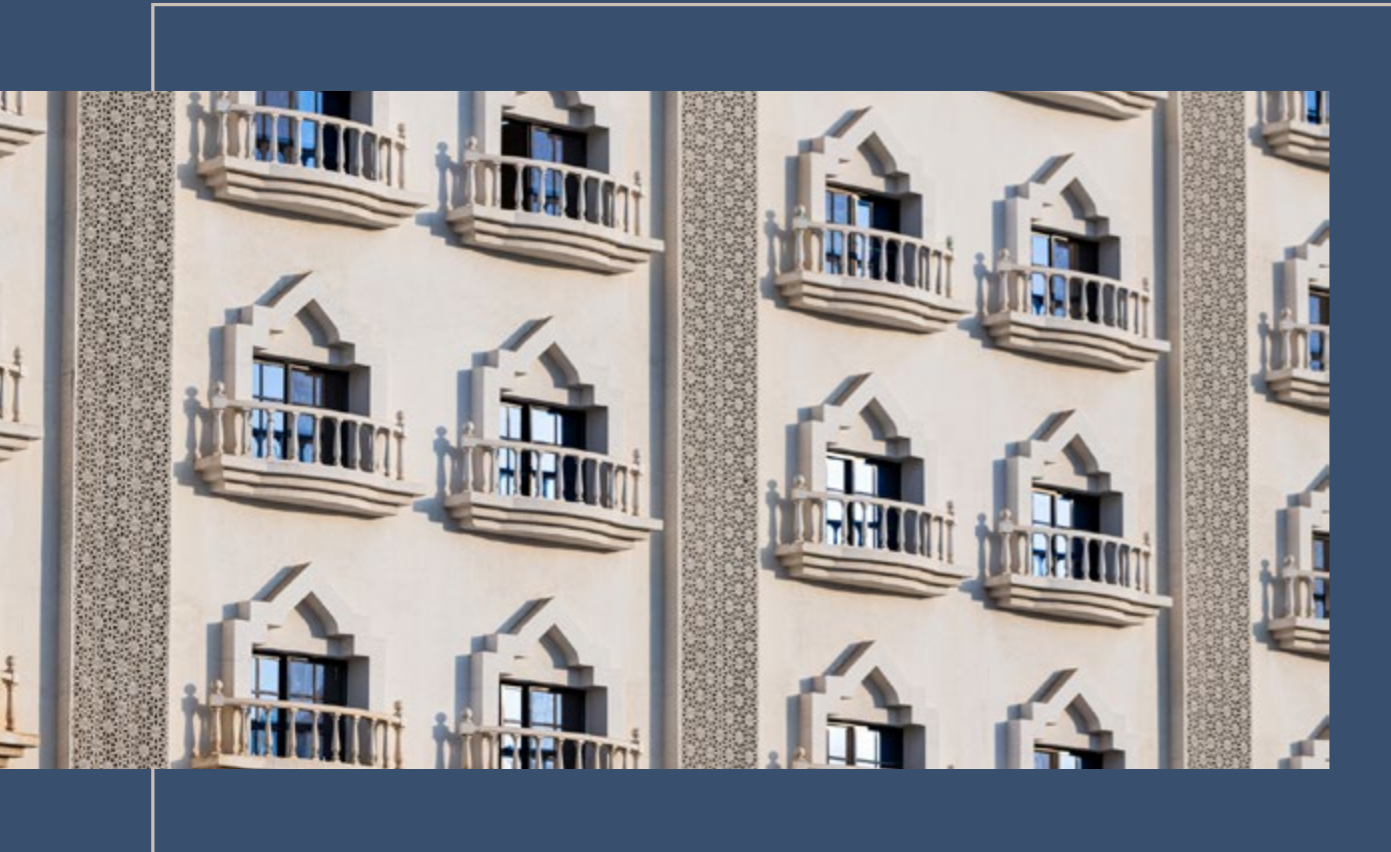
**1,595 SQM**  
NET LETTABLE AREA

**1 %**  
PROPORTION  
BY ASSET VALUE

**29 %**  
OCCUPANCY

**0.8 YEARS**  
WAULT





## 06. RESIDENTIAL ASSETS

Bait al Sharq  
Al Wafi Villas  
Bait Moznah

City Residences  
Orchid Villas  
Bait Ruwi

**25 %**

MARKET VALUE

**27 %**

NET LETTABLE AREA

**17 %**

REVENUE

# BAIT AL SHARQ

Plot No. 136, Block Title: 60 NE, Greater Muttrah, Sultanate of Oman

**3,620,000 OMR**  
MARKET VALUE

**9,012 SQM**  
NET LETTABLE AREA

**8 %**  
PROPORTION  
BY ASSET VALUE

**89 %**  
OCCUPANCY

**0.1 YEARS**  
WAULT



# AL WAFI VILLAS

Plot 10, Road E, Madinat Al Sultan Qaboos, Baushar, Muscat, Sultanate of Oman

**2,340,000 OMR**  
MARKET VALUE

**5,134 SQM**  
NET LETTABLE AREA

**5 %**  
PROPORTION  
BY ASSET VALUE

**71 %**  
OCCUPANCY

**0.4 YEARS**  
WAULT



# BAIT MOZNAH

Plot 585, Area 33, Baushar, Al Khuwair, Muscat Governate, Sultanate of Oman

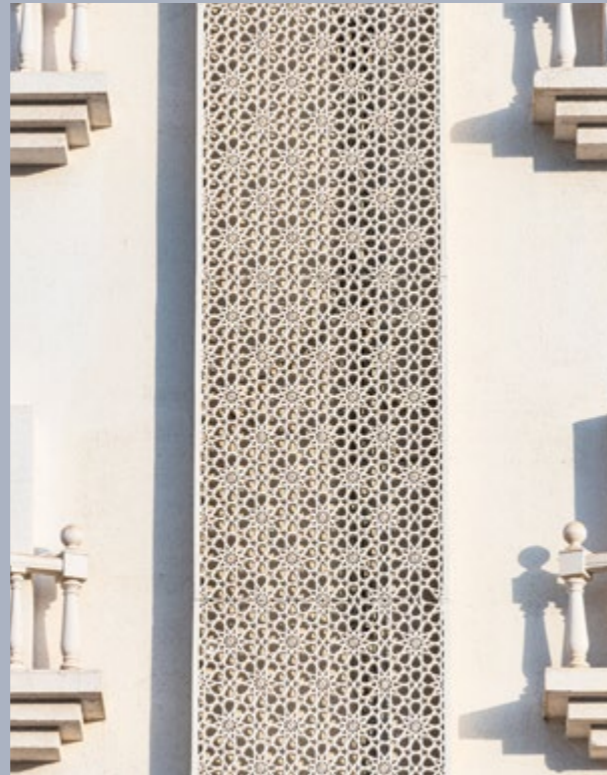
1,730,000 OMR  
MARKET VALUE

5,079 SQM  
NET LETTABLE AREA

4 %  
PROPORTION  
BY ASSET VALUE

72 %  
OCCUPANCY

0.4 YEARS  
WAULT



# CITY RESIDENCE

Plot No. 11/5/2, Block Title: Area 16/ A at Al Khuwair/ Bausher, Sultanate of Oman

**1,900,000 OMR**  
MARKET VALUE

**4,291 SQM**  
NET LETTABLE AREA

**4 %**  
PROPORTION  
BY ASSET VALUE

**80 %**  
OCCUPANCY

**0.4 YEARS**  
WAULT



# ORCHID VILLAS

Plot 3, Road 7, Madinat Al Sultan Qaboos, Baushar, Sultanate of Oman

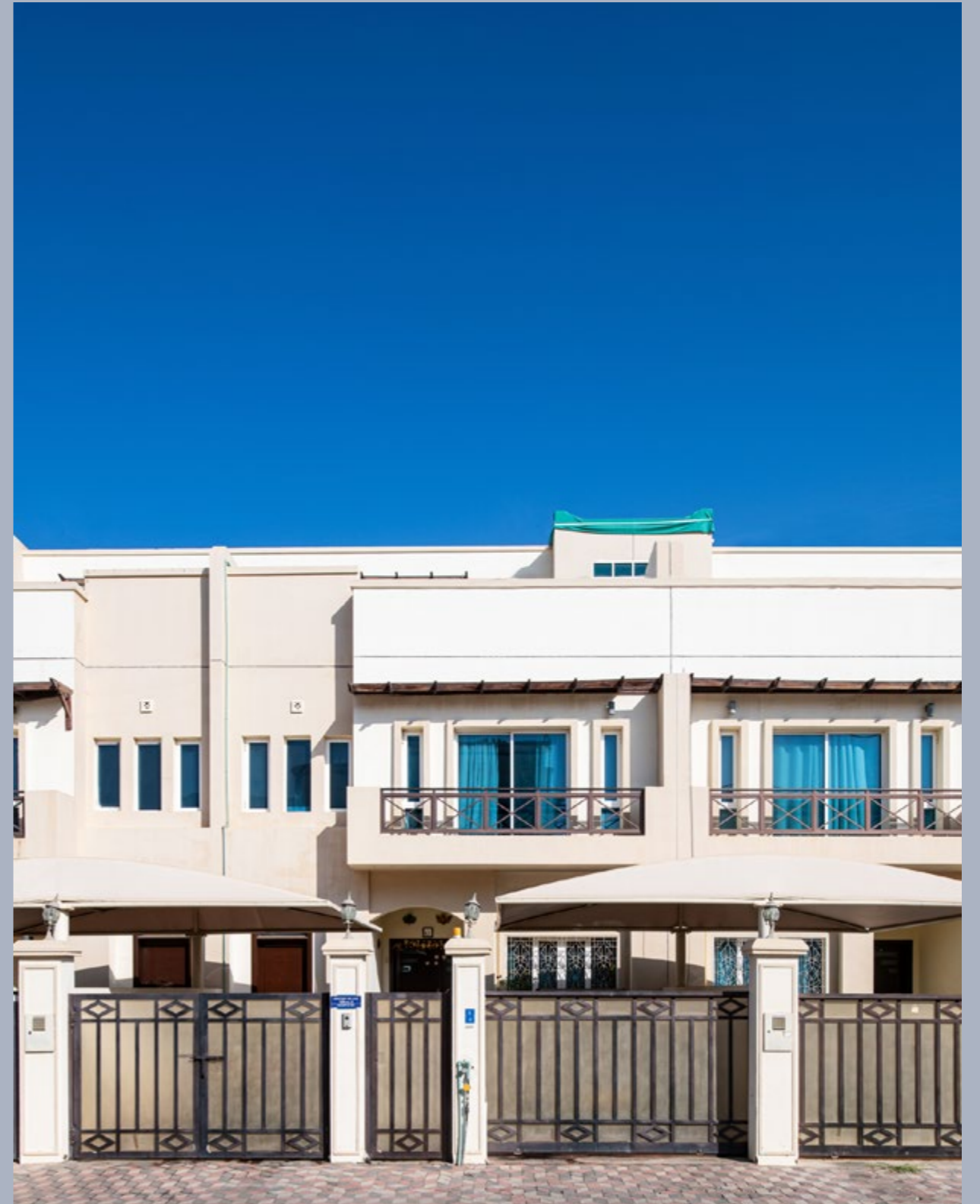
**925,000 OMR**  
MARKET VALUE

**1,914 SQM**  
NET LETTABLE AREA

**2 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**0.6 YEARS**  
WAULT



# BAIT RUWI

Plot No. 136, Block Title: MBD South at Greater Muttrah, Sultanate of Oman

**660,000 OMR**  
MARKET VALUE

**2,031 SQM**  
NET LETTABLE AREA

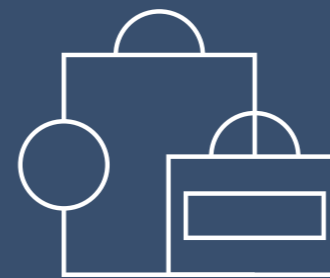
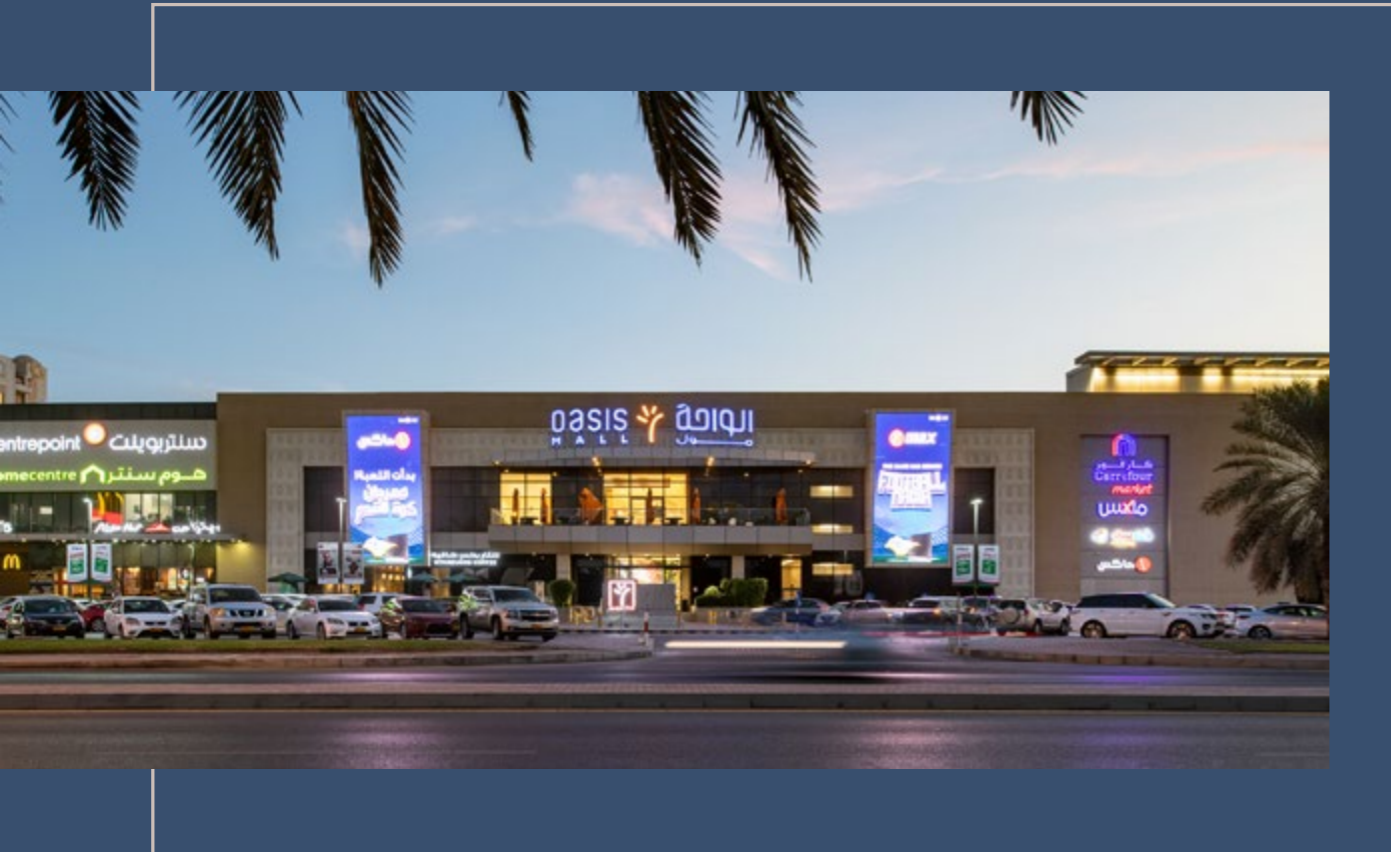
**1 %**  
PROPORTION  
BY ASSET VALUE

**28 %**  
OCCUPANCY

**0.2 YEARS**  
WAULT







## 07. RETAIL ASSETS

Oasis Mall  
Chinese Village  
Lulu Salalah

20 %

MARKET VALUE

21 %

NET LETTABLE AREA

21 %

REVENUE

# OASIS MALL

Plot No. 310, Block Title: Phase 2 at Madinat Al Sultan Qaboos/Bausher, Sultanate of Oman

**6,600,000 OMR**  
MARKET VALUE

**12,738 SQM**  
NET LETTABLE AREA

**15 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**2.8 YEARS**  
WAULT



# CHINESE VILLAGE

Plot No. 71, Block Title: B at Salalah West Airport, Salalah, Sultanate of Oman

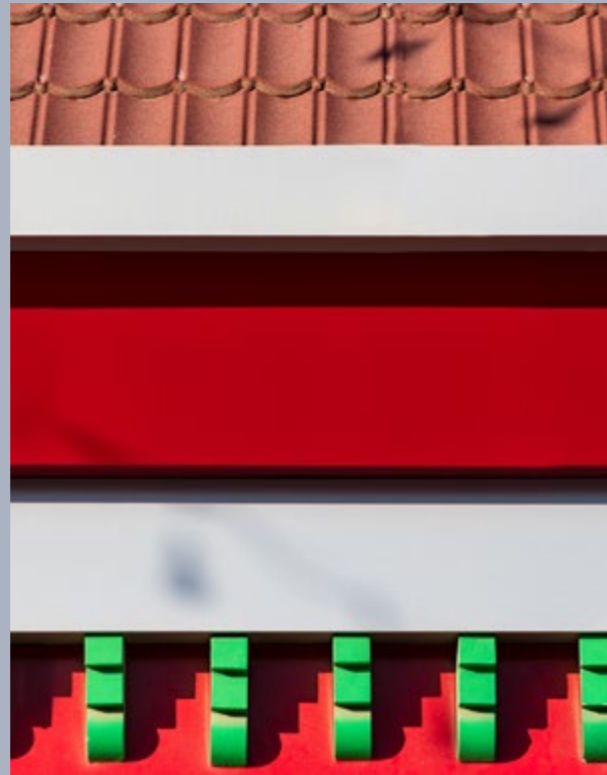
**1,575,000 OMR**  
MARKET VALUE

**4,547 SQM**  
NET LETTABLE AREA

**4 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**6.3 YEARS**  
WAULT



# LULU SALALAH

Plot No. 11, Block A, Al Hussailah, Salalah, Dhofar Governate, Sultanate of Oman

**890,000 OMR**  
MARKET VALUE

**4,000 SQM**  
NET LETTABLE AREA

**2 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**6.7 YEARS**  
WAULT





# 08.

## INDUSTRIAL

ASSETS

Misfah Warehouse  
 Mawaleh Warehouse  
 Rusayl Factory

12 %

MARKET VALUE

14 %

NET LETTABLE AREA

12 %

REVENUE

# MISFAH WAREHOUSE

Plot 450, Phase 2, Al Misfah, Bushar, Muscat Governate, Sultanate of Oman

**4,050,000 OMR**  
MARKET VALUE

**9,218 SQM**  
NET LETTABLE AREA

**9 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**14.4 YEARS**  
WAULT



# MAWALEH WAREHOUSE

Plot No. 107, Block No. 59 SE at Al Mawaleh Heights/Seeb, Sultanate of Oman

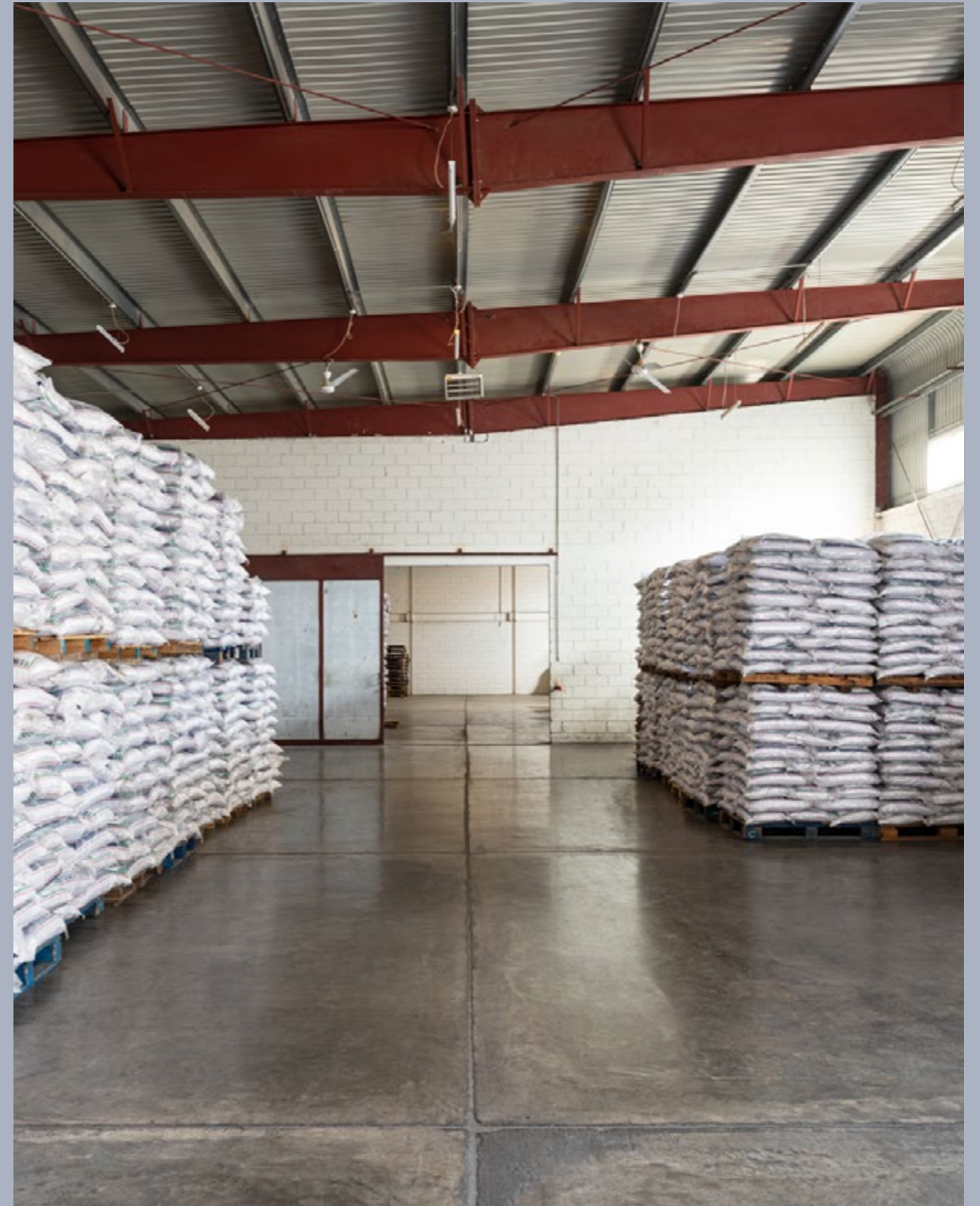
**890,000 OMR**  
MARKET VALUE

**3,293 SQM**  
NET LETTABLE AREA

**2 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**1.0 YEARS**  
WAULT



# RUSAYL FACTORY

Plot No. 14, Block Title: Rusayl Industrial at Rusail/Seeb, Sultanate of Oman

**350,000 OMR**  
MARKET VALUE

**1,774 SQM**  
NET LETTABLE AREA

**1 %**  
PROPORTION  
BY ASSET VALUE

**100 %**  
OCCUPANCY

**0.6 YEARS**  
WAULT









# GOVERNANCE

# 09.

## FUND MANAGEMENT BOARD

### MUSTAFA AHMED SALMAN (CHAIRMAN)

Mr. Mustafa Ahmed Salman is the Chairman and CEO of United Securities LLC, a leading full-range investment services company in the Sultanate of Oman.

In addition to his current role, he holds the prestigious title of Honorary Consul of the Australian Government to the Sultanate of Oman. He is also a board member of the Oman Chamber of Commerce and Industry's Committee and the Chairman of the Oman Securities Association.

Mustafa Salman holds a board membership in Oman United Insurance Company, Sharqiyah Desalination Company, and Salman Stores LLC. He is also the owner and founder of his construction company, Mustafa Ahmed Salman Trading Enterprises (MASTE).



### HAMAD BIN MOHAMMED BIN HAMMOUD AL WAHAIBI (VICE-CHAIRMAN)

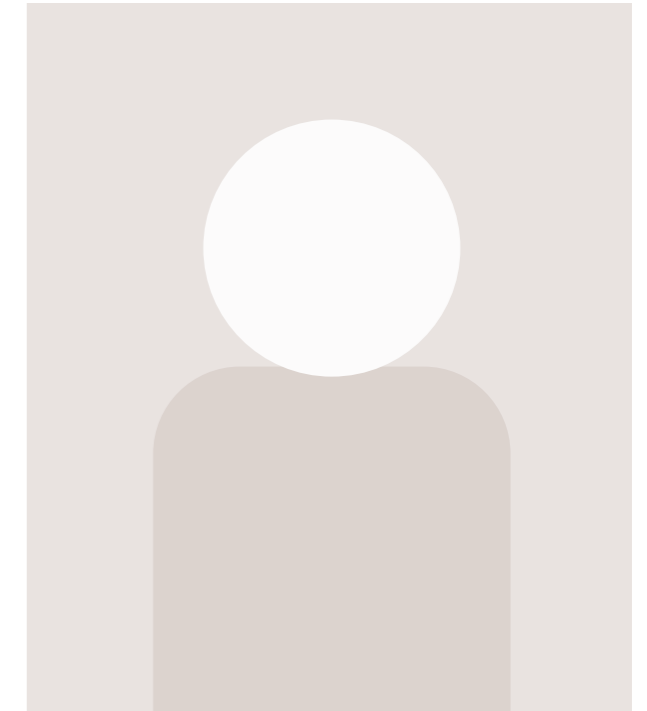
Mr. Hamad bin Mohammed bin Hammoud Al Wahaibi has more than 22 years of practical experience in investment, asset management, business development, project finance, and the financial sector. He currently serves as the Director General of Investments at the Ministry of Defense Pension Fund.

He is a member of the Board of Directors of Oman Flour Mills Company, National Bank of Oman, and Renaissance Services Company. Mr. Al Wahaibi holds a Master of Business Administration (MBA) degree, as well as professional designations such as Chartered Financial Analyst (CFA), Chartered Alternative Investment Analyst (CAIA), and Certificate in Investment Performance Measurement (CIPM).



### KHALID AL KAMYANI (MEMBER)

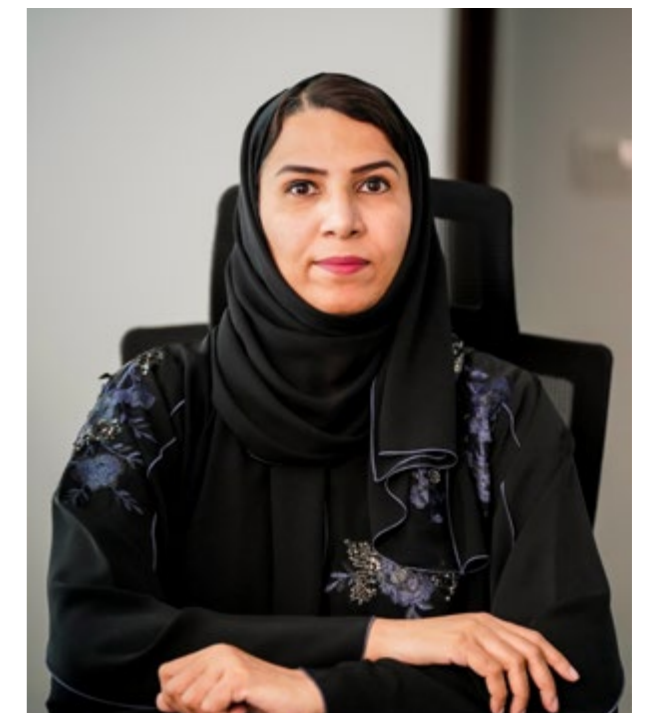
Mr. Khalid Al Kamyani has 20 years of experience in the fields of investment, finance, and accounting. Currently, he holds the position of CIO at one of the leading government investment entities in the Sultanate of Oman. He serves as a Chairman and Board Member in various companies operating in the service, industrial, food, telecommunications, and investment sectors. Khalid holds a Master's degree in Investment Banking from Reading University and a Bachelor's degree in Accounting from Sultan Qaboos University. He is currently in the professional level of ACCA and is also enrolled in the leadership program conducted by the Royal Academy.



### NAJAT ALI AL LAWATIA (MEMBER)

Ms. Najat Ali Al Lawatia has been a Director of the Oman REIT Fund since 2022. She holds a Bachelor's degree in Accounting and is currently the Deputy Director General for Support Services with the Civil Service Employees Pension Fund, bringing with her more than 26 years of relevant experience.

Ms. Najat has attended various courses in diverse fields such as financial management, audit, and investments. She has also represented the Civil Service Pension Fund in various listed and private companies and currently serves as a Director of Oman International Development and Investment Co. SAOG, Oman Cement, and NBO.



# 09.

## FUND MANAGEMENT BOARD

### MOHAMMAD RIBHI IZZAT ALHUSSEINI (MEMBER)

Mr. Mohammad Ribhi Izzat Alhusseini is an experienced investment professional with over 23 years of experience in local and regional investments. Currently, he serves as the Deputy Investment General Director at the Ministry of Defense Pension Fund in Oman, where he manages investment strategies, investment risks, and ensures long-term financial growth.

He holds an MBA in Corporate Finance from the University of Dallas in the United States and a Bachelor's degree in Money and Banking from Yarmouk University in Jordan



### AHMED SULTAN AL YAQOUBI (MEMBER)

Mr. Ahmed Sultan Al Yaqoubi has 24 years of work experience at the Ministry of Defense Pension Fund and has made significant contributions to the overall development of the Fund. He was a core member of the Investment team since its inception and has been graded with a global title in experience, as an expert in project management, real estate, and the investment industry. Mr. Al Yaqoubi has significant experience in all aspects of project management.

He has also served on the Boards of Directors of public-listed companies such as Sohar Power and National Aluminum Products Co. Mr. Ahmed Al Yaqoubi holds a Bachelor's degree in Commerce and Economics.



# 10.

## REIT MANAGER

Oman REIT is managed by FIM Partners Muscat SPC, a subsidiary of FIM Partners. Bringing north of 14 years of experience in investment management, FIM Partners manages c. \$2.7 billion of assets on behalf of institutional investors in equities, real estate, and fixed income, with offices in Dubai, Muscat, Riyadh and London. FIM Partners has substantial experience managing real estate assets, including in Oman, where it manages OMR 48 million of assets in private funds in addition to the REIT. FIM Partners is regulated by the DFSA, the CMA (Oman), the CMA (KSA), the FCA (UK) and registered with the SEC (USA).

For more information, please visit FIM Partners' website at [www.fimpartners.com](http://www.fimpartners.com)

# FIM Partners

# 11.

## DIVIDEND SUMMARY

YEAR	CUT OFF DATE	CASH %
2023	MAR 20, 2023	1.10 %
2022	NOV 03, 2022	1.00 %
2022	AUG 10, 2022	1.00 %
2022	JUL 17, 2022	1.00 %
2021	NOV 22, 2021	1.75 %
2021	AUG 22, 2021	1.75 %





# FINANCIALS

# 12.

## INDEPENDENT AUDITOR'S REPORT

To the Unitholders of  
Oman REIT Fund  
P.O. Box 1963  
Postal Code 130  
Sultanate of Oman

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

We have audited the financial statements of Oman REIT Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in unitholders' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with

the ethical requirements that are relevant to our audit of the financial statements in the Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### VALUATION OF INVESTMENT PROPERTIES

As at 31 December 2022, the Fund's investment properties amounted to RO 44.5 million which represented 92% of the Fund's total assets.

The investment properties are stated at their fair values based on valuations from professionally qualified external valuers. The valuation process involves significant

judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied, including those relating to capitalisation rate, void rate and operating costs, i.e., a change in assumptions may have an impact on the valuation.

We have identified the valuation of investment properties as a key audit matter due to the significance of the investment properties in the context of the Fund's financial statements as a whole and because of the significant judgements involved in determining the fair value.

The accounting policies and disclosures relating to investment properties are set out in notes 2 and 9 to the financial statements, respectively.

#### HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit procedures in this area included the following:

- Assessed the external valuer's qualification, experience and expertise in the properties being valued and considered their objectivity and independence;

- Involved our internal valuation specialists to assess the appropriateness of the assumptions applied to key inputs as well as assessing the methodology used by the Fund's management based on our knowledge of the business and industry;
- Read the valuation report of the properties valued by the independent external valuation expert and confirmed the valuation approach adopted by management is in accordance with International Financial Reporting Standards and suitable for use in determining the fair value for the purpose of the financial statements; and
- Assessed the appropriateness of the related disclosures in the financial statements in accordance with IFRSs.

#### OTHER INFORMATION

Other information consists of the information included in the Fund's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Those charged with governance and management are responsible for the other information. We obtained the Chairman's report prior to the date of our auditor's report.

# 12.

## INDEPENDENT AUDITOR'S REPORT

### CONTINUED

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the relevant requirements of the Capital Market Authority (the "CMA") of the Sultanate of Oman, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the financial statements of the Fund for the year ended 31 December 2022 comply, in all material respects, with the relevant disclosure requirements of the Commercial Companies Law of the Sultanate of Oman, 2019 and disclosure requirements issued by the Capital Market Authority.

Nasser Al Mugheiry  
Licence No. L1024587  
ABU TIMAM  
(Chartered Certified Accountants)  
.....2023



## 13.

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	YEAR ENDED 31 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 2021 RO
Rental Income	4	3,711,853	4,372,528
Property operating expenses		(1,267,669)	(1,268,021)
<b>NET PROPERTY INCOME</b>		<b>2,444,184</b>	<b>3,104,507</b>
Other income	5	136,937	60,633
Management fees	6	(455,426)	(455,572)
Administration and custodian expenses	7	(196,224)	(321,014)
Board sitting fees	18	(33,850)	(30,900)
Net gain/(loss) on fair value of investment properties	9	116,000	(528,049)
<b>PROFIT FOR THE YEAR/PERIOD</b>		<b>2,011,621</b>	<b>1,829,605</b>
Other comprehensive income for the year/period		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD</b>		<b>2,011,621</b>	<b>1,829,605</b>
<b>BASIC AND DILUTED EARNINGS PER UNIT</b>	<b>8</b>	<b>0.0043</b>	<b>0.0039</b>

## 14.

## STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	NOTES	31 DEC 2022 RO	31 DEC 2021 RO
<b>ASSETS</b>			
Investment properties	9	44,536,000	44,420,000
Accounts receivable	10	1,255,373	1,924,261
Other receivables	11	13,811	22,404
Bank balances	12	2,645,025	2,293,978
<b>TOTAL ASSETS</b>		<b>48,450,209</b>	<b>48,660,643</b>
<b>LIABILITIES</b>			
Accounts payable	13	256,599	203,993
Other payables	14	296,455	1,157,558
<b>TOTAL LIABILITIES</b>		<b>553,054</b>	<b>1,361,551</b>
<b>NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS</b>		<b>47,897,155</b>	<b>47,299,092</b>
<b>NET ASSET VALUE PER UNIT ATTRIBUTABLE TO UNITHOLDERS</b>	<b>15</b>	<b>0.102</b>	<b>0.100</b>

These financial statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

.....  
Hilal Hamed Abdullah Al Hasani  
Chairman

.....  
Name  
Board Member

# 15.

## STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	NO. OF UNITS	NET ASSETS RO
Units issued during the period		654,758,940	65,475,894
Unpaid units		(183,572,554)	(18,357,255)
		471,186,386	47,118,639
Total comprehensive income for the period			1,829,605
Dividends paid	16		(1,649,152)
AT 31 DECEMBER 2021		471,186,386	47,299,092
<b>AT 1 JANUARY 2022</b>		<b>471,186,386</b>	<b>47,299,092</b>
Total comprehensive income for the year			2,011,621
Dividends paid	16		(1,413,558)
<b>AT 31 DECEMBER 2022</b>		<b>471,186,386</b>	<b>47,897,155</b>

Note (i): During the comparative period, 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.

# 16.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	YEAR ENDED 31 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 2021 RO
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit for the year/period		2,011,621	1,829,605
<b>ADJUSTMENTS FOR:</b>			
Finance income		(72,120)	(38,926)
Allowance for expected credit losses	7	1,800	7,200
Net (gain)/loss on fair value of investment properties	9	(116,000)	528,049
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>1,825,301</b>	<b>2,325,928</b>
<b>CHANGES IN WORKING CAPITAL:</b>			
Accounts receivable		667,088	(1,931,461)
Other receivables		8,593	(22,404)
Accounts payable		52,606	203,993
Other payables		(861,103)	700,008
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>1,692,485</b>	<b>1,276,064</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Additions to investment properties (i)		-	(2,366,210)
Finance income received		72,120	38,926
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>72,120</b>	<b>(2,327,284)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Issue of units (i)		-	4,994,350
Dividends paid	16	(1,413,558)	(1,649,152)
<b>NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES</b>		<b>(1,413,558)</b>	<b>3,345,198</b>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR/ PERIOD</b>		<b>351,047</b>	<b>2,293,978</b>
Cash and cash equivalents at the beginning of the year/period		2,293,978	-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD</b>	<b>12</b>	<b>2,645,025</b>	<b>2,293,978</b>

# 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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.

#### 2.4 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

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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.

**2.8 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.

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

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 to 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.

**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.

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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.

**2.9 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.

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

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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.

**3.2 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:

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## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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

## 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
	<b>553,054</b>

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
	<b>1,361,551</b>

## 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 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 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 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 2021 RO
Interest income	72,120	38,926
Parking fees	64,817	21,707
	<b>136,937</b>	<b>60,633</b>



## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 6 MANAGEMENT FEES

	YEAR ENDED 31 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 2021 RO
Management Fees	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 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 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
	<b>196,224</b>	<b>321,014</b>

## 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 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 2021 RO
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 DEC 2022 RO	31 DEC 2021 RO
<b>At 1 January</b>	<b>44,420,000</b>	-
Additions	-	44,948,049
Net gain/(loss) on fair value of investment properties	116,000	(528,049)
<b>At 31 December</b>	<b>44,536,000</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.

# 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Details of the investment properties are as follows:

	31 DEC 2022 RO	31 DEC 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
Qurum Office 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
Mawalal 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
	<b>44,536,000</b>	<b>44,420,000</b>

A) 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.

B) 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.

C) 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 DEC 2022 RO	31 DEC 2021 RO
<b>Financial assets:</b>		
Accounts receivable	1,264,373	1,931,461
Less: allowance for expected credit losses	(9,000)	(7,200)
	<b>1,255,373</b>	<b>1,924,261</b>

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:

	<30 DAYS RO	30-90 DAYS RO	>90 DAYS RO	TOTAL RO
<b>31 December 2022</b>				
Gross carrying amount	435,807	198,281	630,285	1,264,373
Less: allowance for expected credit losses	-	-	(9,000)	(9,000)
	<b>435,807</b>	<b>198,281</b>	<b>0.0039</b>	<b>1,255,373</b>
<b>31 December 2021</b>				
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)
	<b>1,612,778</b>	<b>126,443</b>	<b>185,040</b>	<b>1,924,261</b>

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 11 OTHER RECEIVABLES

	31 DEC 2022 RO	31 DEC 2021 RO
<b>Non-financial assets:</b>		
Prepayments	4,604	3,648
Others	9,207	18,756
	<b>13,811</b>	<b>22,404</b>

## 12 BANK BALANCES

	31 DEC 2022 RO	31 DEC 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 DEC 2022 RO	31 DEC 2021 RO
<b>Financial liabilities:</b>		
Management fee payable	113,966	120,691
Accounts payable	142,633	83,302
	<b>256,599</b>	<b>203,993</b>

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

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 DEC 2022 RO	31 DEC 2021 RO
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

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 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 DEC 2022 RO	FOR THE PERIOD 20 DEC 2020 TO 31 DEC 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 DEC 2022 RO	31 DEC 2021 RO
<b>Due from a related party:</b>		
Accounts receivable (KOM 4)	1,036,448	1,463,759
<b>Due to related parties:</b>		
Other payables (KOM 4)	-	536,627
Management fee payable (note 13) – Fund Manager	113,966	120,691
Custodian fee payable	6,881	40,638
	<b>120,847</b>	<b>697,956</b>

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.

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.

## 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

**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%
Investment properties	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	2022
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.

	2022 SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3	2021 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
<b>Financial assets</b>		
Accounts receivable	1,255,373	1,924,261
Bank balances	2,645,025	2,293,978
	<b>3,900,398</b>	<b>4,218,239</b>

# 17.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	2022 WITHIN 12 MONTHS RO	2021 WITHIN 12 MONTHS RO
<b>Financial liabilities</b>		
Accounts payable	256,599	203,993
Other payables	56,697	616,375
	<b>313,296</b>	<b>820,368</b>

### 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.

#### 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.









**OMAN REIT FUND**

P.O Box 1963, P.C. 130,  
Bousher, Muscat,  
Sultanate of Oman

**FIM PARTNERS MUSCAT SPC**

CMA Registration No. CMI044  
408, The Office, Way 4560, Building 5341/1  
South Al Khuwair, Muscat,  
Sultanate of Oman

Telephone: +968 24250101

Email: [reops@fimpartners.com](mailto:reops@fimpartners.com)

