

Board of Director's Report: 30-June-2023

Dear Unitholders,

On behalf of Oman REIT Fund Management Body, I am pleased to present you the unaudited financial statements, for the second quarter ended 30 June 2023.

Financial Performance:

The fund performance was satisfactory during the period under review. It achieved gross income of OMR 986K during the second quarter of 2023. The properties incurred operation & maintenance expenses of OMR 294K during the period, while the fund incurred an operating expense of OMR 153K. The fund achieved a net profit of OMR 539K for the period.

Dividend Distribution:

At the end of June 2023, Oman REIT Fund had total assets of OMR 48.35M, out of which OMR 44.5M is in property investments. The total unitholders' fund as at the end of June 30, 2023 reached OMR 47.91M, which translates to Net Asset Value per Unit of OMR 0.102. The fund has approved an interim cash dividend of 1.2 baiza per unit to be distributed in August 2023, resulting in total dividend distribution of OMR 565K.

Fund Performance	Amount in (OMR)		Difference
	Q2 - June 30, 2023	Q2 - June 30, 2022	
Particulars			YoY
Total Fund Income	986,385	951,691	+3.7%
Fund Expenses (including impairment)	447,240	500,645	-10.7%
Net Profit / (Loss)	539,145	451,046	+19.5%

Particulars	Amount in (OMR)	
	Q2 - June 30, 2023	Q2 - June 30, 2022
As on		
Net Asset Value in R.O	47,907,937	48,247,849
Units Outstanding	471,186,386	471,186,386
Net Asset Value per unit – OMR	0.102	0.102

Noteworthy Events:

The business plan presented to the board members in October 2022 covered different aspects of the REIT management, including enhancing the operating performance of the existing assets and identifying opportunities for improvement, with a focus on underperforming assets, implementing best practices in the management of these assets, raising optimal levels of leverage, deploying such leverage in the acquisition of new assets to enhance the weighted average portfolio yield, the REIT's WAULT, to further diversify the REIT's portfolio, and to enhance communication with unitholders.

The past quarter witnessed a continued execution of our business plan, particularly improving the performance of existing assets and thus boosting NOI, this was achieved through diligent efforts aimed at reducing utility costs, renegotiating terms with property management partners, optimizing maintenance costs and implementing value-add initiatives across two assets.

In pursuit of our strategy and business plan, we have secured OMR 30M of bank financing from Al Muzn, the Islamic arm of NBO. This capital infusion will be gradually deployed in the acquisition of yield-accretive assets. We are actively targeting longer Weighted Average Unexpired Lease Term (WAULT) assets, with a current focus on the community retail segment and the industrial sector. This shift in focus will enable us to capitalize on the opportunities presented in these sectors and create a more balanced and resilient portfolio. We have already deployed funds from the bank facility in July 2023, completing the acquisition of Nesto Wadi Kabir building for OMR 7.6M, boasting a WAULT of 15 years and a double-net lease, which has resulted in a substantial increase in the Portfolio WAULT from 2.1 years to 4.4 years.

The leverage raised and the transaction completed is all in furtherance of the strategy to enhance portfolio WAULT and simultaneously diversify the REIT's portfolio. We continue to closely monitor the market for potential opportunities to deploy additional leverage and have already identified several assets which have been included in the pipeline and are currently at different stages of the due diligence process.

A rebranding exercise for Oman REIT was carried out, which included a complete redesign of the old logo, and the launch of a dedicated website for the REIT, this resulted in an increase in both brand visibility and investor communication.

Future Outlook:

Our retail and industrial properties continue to perform well, given the predictable nature of the cashflows generated by long-leases. Our portfolio's occupancy has increased to a weighted average of 83% vs 81% last quarter. Our residential properties have witnessed increases in occupancy, and stable rental rates, particularly evident with the two assets on which value-add initiatives were carried out. Our commercial properties' performance is stable, with commercial assets witnessing an uptick in demand. The market is continuing 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. We continue to be focused on customer retention by providing enhanced tenant engagement and better living experience for tenants in our properties.

There are currently c. OMR 36M of potential yield-accretive assets within the active pipeline, and our goal is to deploy a combination of leverage and equity in order to boost portfolio size and acquire additional assets that will further enhance the fund's performance.

On behalf of the Board of Directors, we extend our sincere thanks to the unitholders for the confidence granted to the Fund. We also express our thanks and appreciation to the Capital Market Authority (CMA) and Muscat Stock Exchange (MSX) for their continued and sustained efforts in building a vibrant capital market, under the wise leadership of His Majesty Sultan Haitham bin Tariq Al Said, asking the Almighty to grant more prosperity and progress.

On Behalf of the Fund Management body

Chairman Signature