

Board of Director’s Report: 31-December-2023

Dear Unitholders,

On behalf of Oman REIT Fund Management Body, I am pleased to present you the audited financial results, for the year ended 31 December 2023.

Financial Performance:

The fund performance was satisfactory during the period under review. It achieved gross income of OMR 4.26M during the year 2023. The properties incurred operation & maintenance expenses of OMR 1.16M during the year, while the fund incurred an operating expense of OMR 863K. The fund achieved a net profit of OMR 3.1M for the period.

Dividend Distribution:

At the end of December 2023, Oman REIT Fund had total assets of OMR 56.7M, out of which OMR 53M is in property investments. The total unitholders’ fund as at the end of December 31, 2023 reached OMR 48.7M, which translates to Net Asset Value per Unit of OMR 0.103.

During the year 2023, the fund approved interim cash dividends of 1.1 baiza per unit distributed in March 2023, 1.2 baiza per unit distributed in April 2023, 1.2 baiza per unit distributed in August 2023, and 1.3 baiza per unit distributed in November 2023, amounting to a total dividend distribution of OMR 2.26M. The fund has approved an interim cash dividend of 1.3 baiza per unit to be distributed in March 2024 corresponding to Q4 2023

Fund Performance	Amount in (OMR)		Difference
Particulars	FY 2023	FY 2022	YoY
Total Fund Income	4,258,580	3,848,790	+11%
Fund Expenses (including impairment & financing costs)	-1,160,782	-1,837,169	-37%
Net Profit / (Loss)	3,097,798	2,011,621	+54%

Particulars	Amount in (OMR)	
As on	December 31, 2023	December 31, 2022
Net Asset Value in R.O	48,733,258	47,897,155
Units Outstanding	471,186,386	471,186,386
Net Asset Value per unit – OMR	0.103	0.102

Noteworthy Events:

The past year witnessed a continued execution of our business plan, with the deployment of funds from our OMR 30M bank financing from Al Muzn, the Islamic Arm of NBO. In July 2023, we completed the acquisition of Nesto Wadi Kabir, featuring a double-net lease with an unexpired lease term of 15 years, building for OMR 7.6M, which has resulted in a substantial increase in the Portfolio WAULT from 2.1 years to 4.4 years. In addition to the Nesto Wadi Kabir acquisition, shortly after the year 2023 ended, we completed the acquisition of an industrial park in Rusayl, comprising 8 warehouses and logistics units, featuring triple-net leases on three of the units, and double-net leases on the remaining units, with unexpired lease terms ranging from 2 to 7 years.

The leverage raised and the transactions completed during the year are 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.

Given the success of our previous value-add works completed on Bait Moznah and Wafi Villas, we have finalized the process of identifying additional value-add works to be completed on other properties with the goal of boosting occupancy by enhancing the value proposition of the subject properties with design work underway towards a new value-add initiative for KOM-4, which comprises 600 sqm of common space, including meeting rooms and leisure amenities.

In addition to the above initiatives, we also hosted our first investor presentation in October 2023, where we engaged in open discourse about the REIT with the audience. This was a successful initiative and we will continue to host investor presentations on an annual basis, further displaying our commitment to transparency and communication.

Future Outlook:

Our retail and industrial properties continue to perform well, given the predictable nature of the cashflows generated by long-leases, the addition of Nesto Wadi Kabir and Rusayl Industrial Park to the portfolio has also helped increase our portfolio concentration in retail and industrial assets, slightly reducing the office concentration of the portfolio from 36% to 32%. Our portfolio's occupancy has increased to a weighted average of 86% vs 79% last year. 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 this year. 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 focus on customer retention by providing enhanced tenant engagement and better living experience for tenants in our properties.

There are currently c. OMR 35M 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 progress and prosperity.

On Behalf of the Fund Management body

Chairman Signature