

1 Legal status of the Fund
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 funds 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.

The major unitholder of the Fund is Social Protection Fund (“SPF”). The registered address of the Fund is P.O. Box 1963, Postal Code 130, Bousher, Sultanate of Oman.

2 Principal activities
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.

3 Material accounting policies
The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the statutory financial statements for the year ended 31 December 2023.

4 Rental income
(Unaudited)
Quarter ended
31 March
2024
RO (Unaudited)
Quarter ended
31 March
2023
RO

Rental income	1,209,121	943,102
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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 Investment Manager in order to allocate resources to the segment and to assess its performance.

The Fund operates in one business segment. No geographical analysis has been disclosed as 100% of the Fund’s revenue is from customers based in the Sultanate of Oman.

5 Other income
(Unaudited)

Quarter ended
31 March
2024

RO (Unaudited)
Quarter ended
31 March
2023
RO

Interest income	35,669	21,179
Parking fees	9,977	3,975
	45,646	
	25,154	

6 Management fees
(Unaudited)

Quarter ended
31 March
2024

RO (Unaudited)
Quarter ended
31 March
2023
RO

Management fees (note 20)	111,446	106,861
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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.

7 General and administrative expenses
(Unaudited)

Quarter ended

31 March

2024

RO (Unaudited)

Quarter ended

31 March

2023

RO

Fee and subscription	10,997	10,216	
Administration and custodian expenses (note 20)	6,482	6,411	
Insurance expense	6,186	4,604	
Legal and professional expenses	1,050	600	
Others	1,744	9,430	
	26,459	31,261	

8 Finance cost
(Unaudited)

Quarter ended

31 March

2024

RO (Unaudited)

Quarter ended

31 March

2023

RO

Interest expense on borrowings	165,163	-
Other bank charges	115	-
	165,278	-

9 Basic and diluted earnings per unit

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

(Unaudited)

Quarter ended

31 March

2024 (Unaudited)

Quarter ended

31 March

2023

Profit attributable to unitholders of the Fund (RO) 668,702 555,108

Weighted average number of eligible units 484,286,386 471,186,386

Basic earnings per unit (RO) 0.0014 0.0012

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

10 Investment properties

(Unaudited)

31 March

2024

RO (Audited)

31 December

2023

RO

Opening balance 53,010,000 44,536,000

Additions 6,584,479 7,615,691

Fair value changes, net - 858,309

Closing balance 59,594,479 53,010,000

The Fund's investment properties comprise of properties held for rental income and capital appreciation which are located in the Sultanate of Oman. Note 21 sets out how the fair value of the investment properties has been determined.

Details of the investment properties are as follows:

(Unaudited)

31 March

2024

RO (Audited)

31 December

2023

RO

KOM 4 (i) 14,370,000 14,370,000

Nesto Wadi Kabir (ii) 8,390,000 8,390,000

Oasis mall	6,800,000	6,800,000
Rusail Industrial Park (iii)	6,584,479	-
Misfah Warehouse	4,050,000	4,050,000
Bait Al Sharq	3,600,000	3,600,000
E&Y building	3,300,000	3,300,000
Alwafi Complex	2,346,000	2,346,000
City Residence	1,903,000	1,903,000
Bait Moznah	1,718,000	1,718,000
Chinese Village	1,640,000	1,640,000
Mawalah Warehouse	912,000	912,000
Orchid Complex	908,000	908,000
Lulu Salalah	906,000	906,000
Bait Al Majd	642,000	642,000
Bait Ruwi	642,000	642,000
Bait Al Qurum	533,000	533,000
Rusail factory	350,000	350,000
	59,594,479	53,010,000

- i. The Fund 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.
- ii. During 2023, the fund acquired Nesto Wadi Kabir property through a Shariah-compliant bank facility from Muzn Islamic Bank. The property is jointly registered in the name of the Fund and bank as security for the facility obtained by the Fund (note 14).
- iii. During the quarter ended 31 March 2024, the fund acquired Rusayl Industrial Park property through a Shariah-compliant bank facility from Muzn Islamic Bank (note 14). The property is on leasehold terms for a period of 30 years. Accordingly, the property is recorded as a right-of-use asset.

At the reporting date, Misfah Warehouse, Qurum Office Building, Bait Al Sharq, City Residence, Rusayl Industrial Park and Nesto Wadi Kabir have been mortgaged as securities for the facility obtained by the Fund (note 14).

10 Investment properties (continued)

Details of the property income during the quarter are as follows:

(Unaudited)

Quarter ended

31 March

2024

RO (Unaudited)

Quarter ended

31 March

2023

RO

Rental income (note 4)	1,209,121	943,102
Property operating expenses	(278,082)	(264,676)
Net property income	931,039	678,426

11 Accounts receivable
 (Unaudited)

31 March
2024

RO (Audited)
31 December
2023

RO		
Financial assets:		
Accounts receivable	1,036,875	568,751
Less: allowance for expected credit losses	(28,159)	(28,159)
	1,008,716	540,592

All amounts are short-term. The net carrying value of accounts receivable is considered a reasonable approximation of fair value. Outstanding balances at the reporting date are unsecured, interest free and settlement occurs in cash.

12 Other receivables
 (Unaudited)

31 March
2024

RO (Audited)
31 December
2023

RO		
Non-financial assets:		
Prepayments	21,439	5,706
Others	114,280	59,740
	135,719	
	65,446	

13 Bank balances
 (Unaudited)

31 March
2024

RO (Audited)
31 December

2023
RO

Term deposit	2,000,000	2,000,000
Bank balances	583,432	1,103,600
	2,583,432	
	3,103,600	

Term deposit carries an interest rate of 5.80% p.a. with original maturity of one year (2023: 5.80% p.a).

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 condensed interim financial information.

There are no restrictions on bank balances at the time of approval of this condensed interim financial information.

14 Borrowings
(Unaudited)

31 March
2024
RO (Audited)
31 December
2023
RO

Non-current	12,076,209	7,519,191
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Borrowings represent Musharakah Finance Facility obtained from Muzn Islamic Banking for a term of 14 years including a moratorium period of three years for principal repayment ending on 2037.

Security

- Legal mortgage over all properties in favor of the bank (upon the utilization of remaining available limit).
- Lien over the rental escrow account.
- Assignment of rent receivable from the major tenants in favor of the bank.

15 Accounts payable

(Unaudited)		
31 March		
2024		
RO	(Audited)	
31 December		
2023		
RO		
Financial liabilities:		
Management fee payable	111,446	162,716
Accounts payable	154,553	152,927
	265,999	315,643

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

16 Other payables		
(Unaudited)		
31 March		
2024		
RO	(Audited)	
31 December		
2023		
RO		
Financial liabilities:		
Other payables	112,431	60,991
Custodian fee payable (note 20)	6,732	6,806
Non-financial liabilities:		
Security deposits	31,727	42,205
Unearned income	74,830	41,544
	225,720	151,546

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

17 Net asset value per unit

Net asset value per unit is calculated by dividing the amount of equity attributable to the unitholders of the Fund at the reporting date by the number of units outstanding at the reporting date as follows:

(Unaudited)	
31 March	
2024	
RO	(Audited)

31 December
2023
RO

Net assets (RO)	50,754,418	48,733,258	
Number of units outstanding at the reporting date	490,836,386		471,186,386
Net asset value per unit (RO)	0.103	0.103	

18 Dividends

During 2023, pursuant to the Board of Directors meetings held on 27 February 2023, 18 April 2023, 25 July 2023 and 30 October 2023, the Fund announced cash dividends of RO 0.0011 per unit (aggregating to RO 518,305), RO 0.0012 per unit (aggregating to RO 565,424), RO 0.0012 per unit (aggregating to RO 565,424) and RO 0.0013 per unit (aggregating to RO 612,542) which were paid during the quarters ended 31 March 2023, 30 June 2023, 30 September 2023 and 31 December 2023, respectively.

At their meeting held on 22 February 2024, the Board of Directors approved a cash dividend of RO 0.0013 per unit (aggregating to RO 612,542) which was paid during the quarter ended 31 March 2024.

Further, at their meeting held on 25 April 2024, the Board of Directors approved a cash dividend of RO 0.0013 per unit (aggregating to RO 638,087).

19 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.

20 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 quarter, transactions with related parties were as follows:

(Unaudited)

Quarter ended
31 March

2024
RO (Unaudited)
Quarter ended
31 March
2023
RO

Management fees (note 6) - Fund Manager	111,446	106,861	
Administration and custodian expenses (note 7)	6,482		6,411
Board sitting fees	4,800	10,350	

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

(Unaudited)
31 March
2023
RO (Audited)
31 December
2023
RO

Due to related parties:			
Management fee payable (note 16) - Fund Manager		111,446	162,716
Custodian fee payable	6,732	6,806	
	118,178		
	169,522		

Outstanding balances at the reporting date 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.

21 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 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.

21 Fair value measurement (continued)

(b) Non-financial instruments

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

Valuation
technique Significant
unobservable inputs
2023

Investment properties	Income approach (investment method)	Growth rate
5% - 10%		
Terminal rate	7.5% - 10.5%	
Discount rate	9.25%	
Equivalent Cap rate	5% - 10%	
Cost approach	Direct cost	10.7%
Land rate	RO 382 per sqm	

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 investment properties were revalued as at 31 December 2023. Management determined that the effect of changes in fair values between the last valuation and the reporting date is immaterial.

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.

Fair value measurement using

	Date of valuation		
Total			
RO	Significant		
unobservable			
inputs			
(Level 3)			
RO			
Investment properties (note 10)	31 December 2023	53,010,000	53,010,000

22 Contingencies and commitments

22.1 Contingent liabilities

There were no contingencies as at the reporting date (2023: RO Nil).

23 Significant accounting judgements, estimates and assumptions

The preparation of the Fund’s condensed interim financial information 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.

23 Significant accounting judgements, estimates and assumptions (continued)

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 condensed interim financial information was 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 10).

Provision for expected credit losses on accounts receivable

The Fund utilizes a combination of actual bad debts and a credit loss estimation approach to calculate the ECLs for accounts receivable.

The provisions are initially based on the Fund's historical data on the number of days past due date, which the Fund complements with a holistic assessment of current information and forward-looking estimates.

The assessment of the ECLs is a significant estimate. 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 11.

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.

24 Subsequent events after the reporting date

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of this condensed interim financial information.

