

صندوق المعثر ريت

ALMAATHAR REIT FUND

Al Maather REIT Fund

Risk Assessment Report

2021

Risk Assessment Report

Risk Assessment Report

Investment risks within the fund:

Related risks to the fund		Impact	Probability	Value*
1	Geographical concentration of the Fund's investments	1	2	2
2	Loss of key employees of the fund manager	2	1	2
3	Risks of poor liquidity of the fund investments and the ability to quickly exit from the real estate investments in the fund	2	2	4
4	The risk of market fluctuations and trading at a price less than the market value	3	2	6
5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1	1	1
6	Risks of not achieving operating or rental returns	3	3	9
Related risks to the assets of the fund		Impact	Probability	Value*
7	Risks of economic downturn and stagnation of the real estate market in general	1	2	2
8	The risk of rising interest rates and the impact of this on increasing the expected returns and the required rental returns on real estate assets and thus declining their value	1	1	1
9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	1	3	3
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	2	1	2
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	1	1	1
12	The possibility of declining operational returns as a result of bearing high fixed and operational costs without being associated with an increase in rental returns	1	2	2
13	The fund's reliance on significant operational support from the property manager and the risk of the property manager not fulfilling its contractual obligations	1	1	1
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	1	1	1
15	The possibility of the real estate assets being subject to substantial damage due to natural disasters and other causes beyond the control of the fund manager and for which insurance (if any) may not be sufficient	1	2	2
16	Risks of concentrating rental returns on some of the fund's properties with one tenant	1	1	1
17	The risk of tenant defaults and its impact on the fund's operating flows	2	1	2
18	he possibility of rescinding the utility contracts from their owners	1	1	1
Other Risks:		Impact	Probability	Value*
19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	1	3	3
20	The political, economic and legal environments continue to be subject to continuous changes	2	3	6
21	The impact of Covid 19 and the emergence of mutations that may lead to restrictions in the movement of visitors to the Fund's real estate, and thus a decrease in demand for the Fund's properties or the tenants' claiming relative exemptions from the rental payments due	2	3	6

*Value: The product of multiplying the impact by the probability, to obtain the risk factor

Risk Assessment Report

Based on the above table, which shows 21 factors of the three types of risks, which are risks related to the fund, risks related to the assets of the fund and other risks, the investment risks in the fund were evaluated based on three categories, as the evaluation mechanism was adopted on the extent of the influence of the factors (21 factors) and the number of times they occur "Frequency", and the three risk categories and their impact on 21 factors are classified as follows:

1. Low Risk.
2. Medium Risk.
3. High Risk.

As shown in the chart below, all the factors are placed on the main horizontal axis, and the extent to which these factors affect the vertical axis.

Risk assessment report (impact and likelihood)

