



## **Al Maather REIT Fund**

### **Risk Assessment Report**

**2024**

Fund Risk Rating

				Rating 0 is lowest 9 is highest											
				Impact	Probability		1	2	3	4	5	6	7	8	9
<b>Related risks to the fund:</b>															
1	Geographical concentration of the Fund's investments	2.0	2.0	4.0											
2	Loss of key employees of the fund manager	2.0	2.0	4.0											
3	Risks of poor liquidity of the fund investments and the ability to quickly exit from the real estate investments in the fund	3.0	2.0	6.0											
4	The risk of market fluctuations and trading at a price less than the market value	3.0	2.0	6.0											
5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1.0	2.0	2.0											
6	Risks of not achieving operating or rental returns	3.0	1.0	3.0											
<b>Related risks to the fund:</b>															
7	Risks of economic downturn and stagnation of the real estate market in general	2.0	3.0	6.0											
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	2.5	3.0	7.5											
9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	3.0	0.5	1.5											
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	2.0	2.0	4.0											
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	3.0	2.0	6.0											
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	2.0	1.0	2.0											
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	2.0	2.0	4.0											
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	3.0	1.0	3.0											
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	3.0	0.5	1.5											
16	Risks of concentrating rental returns on some of the fund's properties with	2.0	1.0	2.0											

	one tenant				
17	The risk of tenant defaults and its impact on the fund's operating flows	3.0	2.0	6.0	
18	he possibility of rescinding the utility contracts from their owners	2.0	1.0	2.0	
<b>Other Risks:</b>					
19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	3.0	2.0	6.0	
20	The political, economic and legal environments continue to be subject to continuous changes	3.0	2.0	6.0	
21	The seasonal nature of the hospitality sector in Riyadh	1.0	1.5	1.5	

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 :Rating score less than 4
2. Medium Risk. :Rating score from 4 to 6
3. High Risk :Rating score higher than 6

**Fund risk Classification:**

		Impact	Probability		Value
<b>Risks to the fund:</b>					
1	Geographical concentration of the Fund's investments	2.0	2.0	4.0	Medium Risk
2	Loss of key employees of the fund manager	2.0	2.0	4.0	Medium Risk
3	Risks of poor liquidity of the fund investments and the ability to quickly exit from the real estate investments in the fund	3.0	2.0	6.0	Medium Risk
4	The risk of market fluctuations and trading at a price less than the market value	3.0	3.0	6.0	Medium Risk
5	Risks of increasing the fund's capital and reducing the relative shares of unite holder	1.0	2.0	2.0	Low Risk
6	Risks of not achieving operating or rental returns	3.0	1.0	3.0	Low Risk
<b>Related risks to the fund:</b>					
7	Risks of economic downturn and stagnation of the real estate market in general	2.0	3.0	6.0	Medium Risk
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	2.5	3.0	7.5	High Risk
9	Possibility to challenge the Fund's ownership of the real estate assets or disqualify the Fund's assets instruments	3.0	0.5	1.5	Low Risk
10	The possibility of increasing competition in the sectors in which the Fund invests (health, education, hospitality, offices, trade fairs)	2.0	2.0	4.0	Medium Risk
11	Risks of not being able to attract and retain suitable tenants and/or effectively manage real estate assets	3.0	2.0	6.0	Medium Risk
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	2.0	1.0	2.0	Low Risk
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	2.0	2.0	4.0	Medium Risk
14	The negative impact of the lack of or non-compliance with regulatory approvals and licensing requirements on real estate assets	3.0	1.0	3.0	Low Risk
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	3.0	0.5	1.5	Low Risk
16	Risks of concentrating rental returns on some of the fund's properties with one tenant	2.0	1.0	2.0	Low Risk
17	The risk of tenant defaults and its impact on the fund's operating flows	3.0	2.0	6.0	High Risk
18	he possibility of rescinding the utility contracts from their owners	2.0	1.0	2.0	Low Risk
<b>Other Risks:</b>					
19	Macroeconomic risks and market dependence on oil prices, and the impact of any fundamental decline in oil prices on the real estate market	3.0	2.0	6.0	Medium Risk
20	The political, economic and legal environments continue to be subject to continuous changes	3.0	2.0	6.0	Medium Risk
21	The seasonal nature of the hospitality sector in Riyadh	1.0	1.5	1.5	Low Risk