

مستودق المعثر ريت

ALMAATHAR REIT FUND

Al Maathar REIT Fund

Risk Assessment Report

2020

Risk Assessment Report

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Investment risks within the fund:

Related risks to the fund		Impact	Probability	Value*
1	Geographical concentration of the Fund's investments	1	3	3
2	No previous operating experience of the fund	2	2	4
3	Relying on the key employees of the fund manager	2	2	4
4	Liquidity risk	3	2	6
5	Risks of limited experience	2	1	2
6	The risk of trading at a price lower than the market value	3	1	3
7	Risks of increasing the capital of the fund	1	2	2
8	Risks of not achieving returns on investment	3	1	3
Related risks to the assets of the fund		Impact	Probability	Value*
9	General risks of real estate investment	2	1	2
10	Instability in real estate value and lack of liquidity	2	2	4
11	The possibility of challenging the fund's ownership of real estate assets	3	1	3
12	The possibility of increasing competition in the real estate and hospitality sectors in the Kingdom	2	2	4
13	Dependence of the Fund's future rental income on its ability to attract and retain suitable tenants and its effective management of real estate assets	3	2	6
14	The possibility of the fund being subject to some fixed costs that will not decrease as revenues decrease	2	1	2
15	The fund's reliance on substantial operational support from the property manager	2	1	2
16	The negative impact of lack of compliance or non-compliance with regulatory approvals and licensing requirements on real estate assets	3	1	3
17	The possibility of real estate assets being subjected to substantial damage due to natural disasters and other reasons beyond the control of the fund manager and for which insurance (if any) may not be sufficient	3	1	3
18	The nature of seasonal hospitality sector in Riyadh	2	1	2
19	The risks of having a sole tenant of some real estate assets	3	1	3
20	Risks related to utility contracts	2	1	2
Other Risks:		Impact	Probability	Value*
21	The fund depends on the Kingdom's economy and its market position	3	1	3
22	The political, economic and legal environments continue to be subject to constant change	3	3	9
23	Credit Risks	3	1	3
24	Suitability of investments	2	1	2

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

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Based on the above table, which shows 24 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 (24 factors) and the number of times they occur "Frequency", and the three risk categories and their impact on 24 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)

