

MEFIC REIT FUND
Real Estate Investments Traded Fund
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For The Six-Month Period Ended 30 June 2022
Together With the
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS

MEFIC REIT FUND
(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)
INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
For The Six-Month Period Ended 30 June 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

**TO: THE UNIT HOLDERS OF
MEFIC REIT FUND**

INTRODUCTION

We have reviewed the accompanying interim statement of financial position of MEFIC REIT FUND (the "Fund") Managed By Middle East Financial Investment Company (the "Fund Manager") as at 30 June 2022 and the related interim statements of comprehensive income / (loss), changes in net assets (Equity) attributable to the Unitholders and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OTHER MATTER

The financial statements of the Fund for the year ended 31 December 2021 and for the six-months period ended 30 June 2021 were audited and reviewed by another auditor who have expressed an unmodified opinion and conclusions thereon vide their reports dated 30 March 2022 and 17 August 2021 respectively.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

For Al-Bassam & Co.



Ahmed Abdul Majeed Mohandes
Certified Public Accountant
License No. 477
Riyadh: 26 Muharram 1444H
Corresponding to: 24 August 2022

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**As At 30 June 2022**

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2022</u> <u>(Un-audited)</u>	<u>31 December 2021</u> <u>(Audited)</u>
ASSETS			
Investment properties. net	6	812,408,737	799,205,467
Intangible assets - right of benefit. net	7	107,195,334	105,369,382
Right of use asset		84,808,770	89,532,494
Prepaid expenses and other receivables		5,811,638	7,230,604
Account receivables. net	10	27,584,902	38,376,454
Cash and cash equivalent		4,518,361	1,229,649
Total assets		1,042,327,742	1,040,944,050
LIABILITIES			
Long term loans	9	351,200,103	355,222,526
Account payables	11	35,300,000	38,300,000
Lease liabilities		104,660,537	107,875,323
Unearned rent revenue		6,906,093	5,007,735
Fund Manager transaction fee	12	2,630,666	2,630,666
Accrued expenses and other liabilities		11,950,776	9,975,610
Total liabilities		512,648,175	519,011,860
Net assets (equity) attributable to the unitholders		529,679,567	521,932,190
Units in issue (number)		73,276,800	73,276,800
Net Asset (Equity) Value per unit- at book value		7.2285	7.1227
Net asset value (equity) attributable to the unit - at fair value	8	7.8504	7.1872

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

INTERIM STATEMENT OF COMPREHENSIVE INCOME / (LOSS) (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
INCOME			
Rental income		31,790,008	27,382,935
Total income		31,790,008	27,382,935
OPERATING EXPENSES			
Financing cost		(9,574,568)	(8,423,583)
Amortization of right of benefit	7	(7,119,288)	(7,119,288)
Depreciation of investment properties	6	(3,106,857)	(3,106,857)
Depreciation of right of use assets		(4,723,724)	(4,609,663)
Financing cost of lease liabilities		(2,085,214)	(2,184,371)
Operating expenses		(6,997,876)	(7,780,838)
Total operating expenses		(33,607,527)	(33,224,600)
Operating (loss) for the period		(1,817,519)	(5,841,665)
Expected credit losses for account receivables	10	(12,294,506)	(5,435,628)
Reversal impairment losses on account receivables		4,722,352	4,411,772
Impairment of prepaid expenses and other receivables		(810,013)	(1,427,032)
Impairment of Investment properties	6	(170,590)	(89,778,983)
Reversal impairment of Investment properties	6	16,480,717	1,885,882
Impairment of intangible assets - right of benefit		-	(6,031,600)
Reversal impairment of intangible assets - right of benefit	7	8,945,240	-
Other income		19,125	1,656,882
Net income / (loss) for the period		15,074,806	(100,560,372)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		15,074,806	(100,560,372)

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

**INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS
(UN-AUDITED)****FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

	<u>30 June 2022</u>	<u>30 June 2021</u>
Net assets (equity) attributable to the unitholders at beginning of the period	521,932,190	669,689,865
Total comprehensive income / (loss) for the period	15,074,806	(100,560,372)
Dividends during the period	(7,327,429)	(10,972,673)
Net assets value (Equity) return to the unit	529,679,567	558,156,820
changes in units	-	-
Number of units at the beginning and end of the period	73,276,800	73,276,800

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

INTERIM STATEMENT OF CASH FLOWS**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

	<u>Notes</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
Cash flow from operating activities			
Net income / (loss) for the period		15,074,806	(100,560,372)
Adjustment to reconcile net income to net cash used in operating activities:			
Amortization of right of benefit	7	7,119,288	7,119,288
Impairment losses on intangible assets - right of benefit	7	-	6,031,600
Provision for expected credit losses	10	12,294,506	5,435,628
Impairment of prepaid expenses and other receivables		810,013	1,427,032
Reversal impairment losses on account receivables		-	(4,411,772)
Depreciation of right of use assets		4,723,724	4,609,663
Finance cost		9,574,568	8,423,583
Finance cost on lease liabilities		2,085,214	2,184,371
Impairment losses on investment properties	6	170,590	89,778,983
Reversal impairment losses on investment properties	6	(16,480,717)	(1,885,882)
Depreciation of investment properties	6	3,106,857	3,106,857
Reversal impairment of intangible assets - right of benefit	7	(8,945,240)	-
		<u>29,533,609</u>	<u>21,258,979</u>
Changes in operating assets:			
Account receivables		(1,502,954)	(7,924,174)
Prepaid expenses and other receivables		608,953	1,311,785
Changes in operating liabilities:			
Account payables		(3,000,000)	(4,000,000)
Unearned rent revenue		1,898,358	1,311,077
Accrued expenses and other liabilities		1,975,166	4,903,972
Cash generated from operating activities		<u>29,513,132</u>	<u>16,861,639</u>
Financing costs paid		(8,396,991)	(1,080,138)
Net cash generated from operating activities		<u>21,116,141</u>	<u>15,781,501</u>
Cash flow from financing activities			
Dividend paid	14	(7,327,429)	(10,972,673)
Repayment of lease hold liabilities during the period		(5,300,000)	(7,820,644)
Proceeds from loans during the period		(5,200,000)	-
Net cash (used in) financing activities		<u>(17,827,429)</u>	<u>(18,793,317)</u>
Net change in cash and cash equivalent		<u>3,288,712</u>	<u>(3,011,816)</u>
Cash and cash equivalent at the beginning of the period		<u>1,229,649</u>	<u>5,305,593</u>
Cash and cash equivalent at the end of the period		<u>4,518,361</u>	<u>2,293,777</u>

The accompanying notes from 1 to 19 form an integral part of these interim condensed financial statements.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Amounts in Saudi Riyals)

1. THE FUND AND ITS ACTIVITIES

MEFIC REIT Fund (the "Fund") is a close-ended shariah compliant, publicly traded real estate investment listed fund established in the Kingdom of Saudi Arabia under the real estate investment funds regulations.

The Fund is listed in Saudi Stock Exchange Market ("Tadawul") and the units are traded according to market regulations and legislation. The capital of the fund is SR 732,768,000 divided to into 73,276,800 units with a nominal value of 10 Saudi riyals per unit. The fund has a term of 99 years, which is extendable on the discretion of the Fund Manager following the approval of CMA.

The Fund's primary investment objective is to provide its unit holders with regular income by investing in income-generating real estate properties in Saudi Arabia and Arabian Gulf Countries.

The Fund is managed by Middle East Financial Investment Company (the "Fund Manager") A Saudi closed joint stock company with commercial registration number 1010237038 and licensed as a financial market institution by CMA under license number 06029-37.

The Fund generally seeks to acquire or invest in hotel, commercial, administrative, "office towers", and/or logistic, residential and/or multi-use income-generating real estate assets.

2. REGULATING AUTHORITY

The Fund operates in accordance with REIFR issued by the CMA. The regulations detail requirements for real estate funds and traded real estate funds within the Kingdom of Saudi Arabia.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed financial statements do not include all of the information required in annual financial statements and should be read in conjunction with the annual financial statements of the Fund for the year ended 31 December 2021. The results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, as modified using the accrual basis of accounting. The Fund presents its interim statement of financial position in the order of liquidity.

On 31 December 2019, the CMA verified the appropriateness of continuing to use the cost model or allowing the use of the fair value model and took the following decisions:

Requiring listed funds to continue using the cost model to measure real estate (according to IAS 16) and investment properties (according to IAS 40) in the financial statements prepared for financial periods before the year 2023.

Allow listed funds to choose between the fair value model and the revaluation model to measure real estate (according to IAS 16) and investment properties (according to IAS 40) for fiscal periods beginning from the year 2023 or thereafter.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Amounts in Saudi Riyals)

3. BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency

Items included in these interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Arabian Riyal (“SAR”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates.

3.4 Critical accounting estimates and assumptions

The preparation of these interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting period, are described below. The Fund based its assumptions and estimates on parameters available when the interim condensed financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

In the context of applying the fund's accounting policies, management has made the following estimates and judgments that are considered material to the financial statements:

- Expected credit losses for account receivables
- Useful lives of investment properties
- Determining the fair values of investment properties
- Impairment in the value of non-financial assets “value in use calculation”

Going concern

The Fund Manager has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Fund’s ability to continue as a going concern. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used and disclosed in the annual financial statements of the Fund for the year ended 31 December 2021. Certain new standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Fund.

There are other several amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund’s interim condensed financial statements. In the opinion of the Fund’s Board, these will have no significant impact on the interim condensed financial statements of the Fund. The Fund intends to adopt those amendments and interpretations, if applicable.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Amounts in Saudi Riyals)

5. MANAGEMENT FEE, AND OTHER CHARGES

The fund manager charges the following fees as per the terms and conditions of the Fund.

Subscription fee

The fund manager collects a subscription fee from each investor at a rate not exceeding 2% of the subscription amount to cover administration costs and is netted off against proceeds from issuance of units.

Management fees

The fund manager collects a management fee of 0.35% per annum of the net assets value of the Fund. The Fund Manager did not charge management fee for the first year of trading.

Transaction fees

The Fund shall pay the Fund Manager Transaction Fees equal to 1% of the purchase price or sale price of each real estate asset acquired or sold by the Fund, with the Fund Manager, in return, carrying out the required enquiries, negotiating on the sale and purchase terms and completing the transaction. These Fees shall become payable after completion of the purchase or sale process of each real estate asset, and shall apply to the Fund's initial real estate assets.

Loan arrangement fee

The fund manager also obtains 1% of the amount withdrawn from the loans as loan arrangement fees.

6. INVESTMENTS PROPERTIES. NET

6.1 The Fund owns the following investment properties:

<u>Property name</u>	<u>Property nature</u>	<u>Cost</u>
Commercial mall in Riyadh (note 6-1-1)	Commercial Center	681,650,000
Commercial and administrative building in Jeddah (note 6-1-2)	Commercial Center - Offices	45,450,000
Drnef Ajyad (Note 6-1-3)	Hotel	127,305,000
Drnef Kudai (note 6-1-4)	Hotel	58,995,000
The PAD (note 6-1-5)	Residential	66,227,218
Total		979,627,218

6-1-1 Commercial Mall in Riyadh (previously referred to as Souk Sharq): A commercial retail mall in Riyadh that contains 187 stores, the mall consists of 21 buildings working in the field of furniture, furnishings, a café, and others. It is located on the Eastern Ring Road in Riyadh - Al-Jazirah District.

6-1-2 Commercial and administrative building in Jeddah (previously referred to as Tihama): It is currently used for commercial and office activities. It consists of 10 retail stores and 6 office floors. It is located on Al-Andalus Road in Al-Hamra District in Jeddah.

6-1-3 Drnef Ajyad: A four-star hotel. 203 rooms and 11 suites are located on Ahyad Road in Makkah.

6-1-4 Drenf Kudai: A three-star hotel consisting of 75 rooms and 11 suites located in the Kudai area on the Third Ring Road in Makkah

6-1-5 MEFIC REIT fund owns 30 apartments in The PAD Tower in Dubai.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

6. INVESTMENTS PROPERTIES, NET (CONTINUED)

6.2 Below are the details of the investment properties:

	<u>Land</u>	<u>Building</u>	<u>Total</u>
<u>Cost:</u>			
Balance as at 31 December 2021	731,078,622	248,548,596	979,627,218
Balance as at 30 June 2022	731,078,622	248,548,596	979,627,218
<u>Accumulated Depreciation:</u>			
Balance as at 31 December 2021	-	(18,435,413)	(18,435,413)
Charge for the period	-	(3,106,857)	(3,106,857)
Balance as at 30 June 2022	-	(21,542,270)	(21,542,270)
<u>(Impairment) / reversal of Impairment Loss:</u>			
Balance at the beginning of the period	-	(161,986,338)	(161,986,338)
Impairment Loss	-	(170,590)	(170,590)
Reversal of Impairment Loss	-	16,480,717	16,480,717
Balance at the end of the period	-	(145,676,211)	(145,676,211)
Net Book Value:			
As at 30 June 2022	731,078,622	81,330,115	812,408,737
As at 31 December 2021	731,078,622	68,126,845	799,205,467

6.3 Market value

The fair value of investment properties as at the reporting date was determined by two independent evaluator, ("Amaken Valuation Company") and ("Taqdeer Real Estate Company"), both evaluator approved by the Saudi Authority for Accredited evaluator (Taqeem).

<u>description</u>	<u>Evaluation Approach</u>	<u>Discount rate</u>	<u>Market value</u>	
			<u>as at 30 June 2022</u>	<u>as at 31 December 2021</u>
Valuer 1				
Commercial mall in Riyadh	Income Approach and cost Approach	-	554,719,450	548,790,000
Commercial and administrative building in Jeddah	discounted cash flow Approach	10.93%	37,052,000	36,000,000
Drnef Ajyad	discounted cash flow Approach	11.73%	98,659,000	93,760,000
Drnef Kuddai	discounted cash flow Approach	11.53%	48,750,000	46,520,000
The PAD	Comparison value Approach	-	56,090,181	53,301,734
			795,270,631	778,371,734
Valuer 2				
Commercial mall in Riyadh	discounted cash flow Approach	9.00%	578,300,000	580,000,000
Commercial and administrative building in Jeddah	Income Approach	-	36,600,000	38,200,000
Drnef Ajyad	discounted cash flow Approach	11.00%	108,500,000	103,800,000
Drnef Kuddai	discounted cash flow Approach	12.00%	60,000,000	51,900,000
The PAD	Comparison value Approach	-	46,146,843	46,139,206
			829,546,843	820,039,206

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

6. INVESTMENTS PROPERTIES. NET (CONTINUED)**6.3 Market value (CONTINUED)**

• The PAD property is located in Dubai and the fair value above was determined by the reports of the evaluators (“Value Start Advisors”) valuer (1) and (“City Properties”) valuer (2) respectively. Both evaluators are accredited by the Royal Institution of Chartered Surveyors (RICS).

7. INTANGIBLE ASSETS - RIGHT OF BENEFIT. NET

A- Includes intangible assets which have a future benefit and the cost details and the accumulated amortization is as follows:

	<u>Intangible assets – right of benefit</u>
<u>Cost:</u>	
Balance at the beginning of the period	160,590,000
Balance as at 30 June 2022	<u>160,590,000</u>
<u>Accumulated Amortization:</u>	
Balance at the beginning of the period	(46,275,378)
Charge for the period	(7,119,288)
Balance as at 30 June 2022	<u>(53,394,666)</u>
<u>Impairment of intangible assets:</u>	
Balance at the beginning of the period	(8,945,240)
Reversal impairment of intangible assets - right of benefit	8,945,240
Balance as at 30 June 2022	<u>-</u>
Net Book Value:	
As at 30 June 2022	<u>107,195,334</u>
As at 31 December 2021	<u>105,369,382</u>

B - The Fund acquired the (rights of benefit) for the properties described below

Plaza 1: a multi-use building located on a land area of 9.588 square meters. The property owns an area of 12,000 square meters that is leasable, including 51 apartments and 12 exhibitions. The property is located on King Abdulaziz Road, Al Rabie District in Riyadh. The right of benefit of this property expires on 17 July 2026

Hospitality: a commercial building that includes 9 restaurants and a sorority. It is located on the Northern Ring Road, Al-Nakhil District in the city of Riyadh. The right of benefit for this property expires on 1 April 2035.

as the acquired rights do not represent a large part of the operating life of the properties, as they have been recognized as intangible assets. These rights are amortized over the remaining lives. The following are the expiration dates for the right of benefit:

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

8. THE EFFECT OF NET ASSET VALUE ATTRIBUTABLE TO THE UNIT HOLDERS IN THE EVENT THAT INVESTMENT PROPERTIES AND INTANGIBLE ASSETS ARE MEASURED AT FAIR VALUE

According to the Real Estate Investment Funds Regulations issued by the CMA in the Kingdom of Saudi Arabia, the fund manager evaluates the fund's assets with an average of two evaluations by independent evaluators. As explained in the fund's terms and conditions, the net asset value is disclosed based on market value. However, in According to the fund's accounting policy, investment properties and intangible assets are stated at cost less depreciation, Amortization and impairment, if any, in these financial statements.

The fair value of real estate investments and intangible assets is determined by two evaluators ("Amaken Valuation Company") and ("Taqdeer Real Estate Company"). The valuation of investment properties and intangible assets as of June 30 is as follows:

<u>30 June 2022</u>	<u>Valuation 1</u>	<u>Valuation 2</u>	<u>Average</u>
investment properties	795,270,631	829,546,843	812,408,737
Intangible assets - right of benefit	135,000,000	170,533,000	152,766,500
Total	930,270,631	1,000,079,843	965,175,237
<u>31 December 2021</u>			
investment properties	778,371,734	820,039,206	799,205,470
Intangible assets - right of benefit	102,634,000	117,560,000	110,097,000
Total	881,005,734	937,599,206	909,302,470

Management has used the average of the two valuations for the purposes of disclosing the fair value of investment properties and intangible assets.

The following is an analysis of the fair value of investment properties, assets and Intangibles against Cost:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Estimated fair value of investment properties and intangible assets based on the average of the two valuations used	965,175,237	909,302,470
Less: book value		
- Investment properties	812,408,737	799,205,470
- Intangible assets	107,195,334	105,369,382
Estimated fair value exceeded the book value	45,571,166	4,727,618
Units in issue (in numbers)	73,276,800	73,276,800
Unit's excess share of the estimated fair value	0.6219	0.0645

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

(Amounts in Saudi Riyals)

8. THE EFFECT OF NET ASSET VALUE ATTRIBUTABLE TO THE UNIT HOLDERS IN THE EVENT THAT INVESTMENT PROPERTIES AND INTANGIBLE ASSETS ARE MEASURED AT FAIR VALUE (CONTINUED)

Net assets attributable to the unitholders

	<u>30 June 2022</u>	<u>31 December 2021</u>
Net assets attributable to the unitholders as in the financial statements before adjusting the fair value	7.2285	7.1227
excess of the estimated fair value over book value	0.6219	0.0645
Net assets attributable to the unitholders on the fair value of investment properties and intangible assets	<u>7.8504</u>	<u>7,1872</u>

9. LONG TERM LOANS

Amar Real Estate Development Company (Special Purpose Company) Company has obtained Islamic financing facilities from Al-Riyadh Bank amounting to SR 400,000,000 for the purpose of financing the real estate investments of the Fund. The loan carries a profit rate at SAIBOR plus 2.15%. The effective profit rate during the period was 5.00% to 5.50%. The loan is repayable after 7 years.

The loan balance as on 30 June 2022 amounted to SAR 347,222,486 (31 December 2021 SAR 352,422,486), and the payables amounts to the financing costs realized for this loan as at 30 June 2022 are SAR 3,977,617 (31 December 2021 is SAR 2,800,040) charged to the balance of long-term loans. The loan is secured by mortgaging investment properties of twice the value of the loan (Note 6).

10. ACCOUNT RECEIVABLES. NET

Account receivable comprise rent receivables and acquisition gain receivables as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Rent receivable	70,046,434	68,543,480
Acquisition gain receivables	5,908,381	5,908,381
Other receivables	4,230,010	4,230,010
Expected credit losses for account receivables	(52,599,923)	(40,305,417)
Total	<u>27,584,902</u>	<u>38,376,454</u>

B- The movement in the provision for expected credit losses was as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Balance at the beginning of the period / year	40,305,417	30,414,211
Increase in ECL during the period / year	12,294,506	9,891,206
Balance at the end of the period / year	<u>52,599,923</u>	<u>40,305,417</u>

11. ACCOUNT PAYABLES

	<u>30 June 2022</u>	<u>31 December 2021</u>
Rent payable to to Fahd Saad Al Mousa	4,000,000	7,000,000
Acquisition unpaid payables Higher Education Fund (a portfolio managed by a fund manager)	20,200,000	20,200,000
Acquisition unpaid payables Al-Rukn Al-Mateen (unit holder of Al-Qannas Fund)	10,000,000	10,000,000
Dividend payable to Al-Rukn Al-Mateen (unit holder of Al-Qannas Fund)	1,100,000	1,100,000
Total	<u>35,300,000</u>	<u>38,300,000</u>

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Amounts in Saudi Riyals)

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties in the fund consist of the following, and the fund deals with these parties in the normal course of its business:

<u>Company name</u>	<u>Relation</u>
Middle East Financial Investment Company	fund manager

The Fund includes the Unit holders, the Fund Manager and other funds managed by the Fund manager. Related party transactions are in accordance with the terms and conditions of the Fund. All transactions with related parties are carried out based on mutually agreed prices under formal agreement.

Transactions with related parties for the period ended 30 June 2022:

<u>Related parties</u>	<u>Nature of transaction</u>	<u>Notes</u>	<u>30 June 2022</u>	<u>30 June 2021</u>
Middle East Financial Investment Company (the "Fund Manager")	management fee		<u>928,564</u>	<u>978,487</u>

Related party balances as the reporting date were as follows:

<u>Related parties</u>	<u>Balance</u>	<u>30 June 2022</u>	<u>31 December 2021</u>
Middle East Financial Investment Company (the "Fund Manager")	Payables - Transaction fee	<u>2,630,666</u>	<u>2,630,666</u>
Middle East Financial Investment Company (the "Fund Manager")	Payables - Management fee	<u>4,274,013</u>	<u>3,206,164</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets consist of cash and cash equivalents, accounts receivable and prepaid expenses, and other other assets. Financial liabilities consist of long-term loans, accounts payable, accrued expenses and other current liabilities and accrued finance costs.

The estimated fair value of the fund's financial assets and liabilities are not significantly different from their book values. As at 30 June 2021 and 31 December 2021.

MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

(Amounts in Saudi Riyals)

14. DIVIDEND DISTRIBUTIONS

As at 31 March 2022, the Fund announced dividends of 0.10 Saudi riyals per unit, with a total amount of SAR 7.32 million, and the distribution was made on 8 May 2022.

As at 22 April 2021, the Fund announced dividends of 0.15 Saudi riyals per unit, with a total amount of SAR 10.97 million, and the distribution was made on 5 June 2021.

15. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

A number of new standards and interpretations have been issued but are not yet effective. The Fund intends to adopt all applicable standards and interpretations when they become effective. The fund manager has evaluated the impact of these new standards and interpretations and believes that none of them will have any impact on the future financial statements of the fund.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation for the current period.

17. SUBSEQUENT EVENTS

As at the date of approval of these interim condensed financial statements, there were no significant subsequent events that required disclosure or amendment in these interim condensed financial statements.

18. LAST VALUATION DATE

The last valuation date of the period was 30 June 2022.

19. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were approved by the Fund's Board on 23 August 2022 (corresponding to 25 Muharram 1444H).