



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 2023
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 2023

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**Ibrahim Ahmed Al-Bassam
& Co. Certified Public Accountants**

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 2023 and the related interim statements of comprehensive income, 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.

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 Mohandis
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Riyadh: 26 Muharram 1445H
Corresponding to: 13 August 2023



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MEFIC REIT FUND

(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

INTERIM STATEMENT OF FINANCIAL POSITION**As At 30 June 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	30 June 2023 (Un-audited)	31 December 2022 (Audited)
ASSETS			
Investment properties. net	6	827,149,905	809,052,086
Intangible assets - right of benefit. net	7	92,397,251	100,076,044
Right of use asset, net		75,361,322	80,085,046
Rental receivables, net	9	24,547,916	26,465,578
Prepaid expenses and other receivables, net		6,953,252	5,323,882
Cash at the bank		5,436,991	3,220,691
Total assets		1,031,846,637	1,024,223,327
LIABILITIES			
Loans	10	354,412,821	353,989,605
Lease liabilities		99,301,548	104,785,491
Account payables	11	21,000,000	23,200,000
Unearned rent revenue		7,677,090	5,812,400
Accrued expenses and other liabilities		11,844,350	11,805,138
Total liabilities		494,235,809	499,592,634
Net assets (equity) attributable to the unitholders		537,610,828	524,630,693
Units in issue (number)		73,276,800	73,276,800
Net Asset (Equity) Value per unit- at book value		7.3367	7.1596
Net asset value (equity) attributable to the unit - at fair value	8	8.1548	8.0058

The accompanying notes from 1 to 18 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 (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
INCOME			
Rental income		31,757,908	31,790,008
Total income		31,757,908	31,790,008
OPERATING EXPENSES			
Depreciation of investment properties	6	(3,106,858)	(3,106,857)
Reversal impairment of Investment properties	6	21,204,677	16,310,127
Amortization of intangible assets - right of benefit	7	(7,119,288)	(7,119,288)
Reversal impairment of intangible assets - right of benefit	7	(559,505)	8,945,240
Depreciation of right of use assets		(4,723,724)	(4,723,724)
Finance costs for lease liabilities under right-of-use assets		(2,016,057)	(2,085,214)
Expected credit losses for Rental receivables	9	(6,976,069)	(7,572,154)
Expected credit losses for other receivables		(106,220)	(810,013)
Property management fees		(3,449,662)	(3,751,146)
Operating expenses		(2,769,913)	(1,763,567)
Management fees	12	(942,694)	(928,564)
Registration and trading fees		(260,358)	(290,558)
Professional fees		(133,750)	(133,750)
Custody fees		(128,981)	(130,291)
Total operating expenses		(11,088,402)	(7,159,759)
Operating income		20,669,506	24,630,249
Finance costs		(13,169,739)	(9,574,568)
Other income		5,480,368	19,125
Net income for the period		12,980,135	15,074,806
Other comprehensive income for the period		-	-
Total comprehensive income for the period		12,980,135	15,074,806

The accompanying notes from 1 to 18 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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Net assets (equity) attributable to the unitholders at beginning of the period		524,630,693	521,932,190
Total comprehensive income for the period		12,980,135	15,074,806
Dividends during the period	14	-	(7,327,429)
Net assets (equity) attributable to the unit holders at the end of the period		537,610,828	529,679,567

The accompanying notes from 1 to 18 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 (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

	<u>Notes</u>	<u>30 June 2023</u>	<u>30 June 2022</u>
Cash flow from operating activities			
Total comprehensive income for the period		12,980,135	15,074,806
Adjustment to reconcile net income to net cash used in operating activities:			
Depreciation of investment properties	6	3,106,858	3,106,857
Reversal impairment of Investment properties	6	(21,204,677)	(16,310,127)
Amortization of intangible assets - right of benefit	7	7,119,288	7,119,288
Reversal impairment of intangible assets - right of benefit	7	559,505	(8,945,240)
Depreciation of right of use assets		4,723,724	4,723,724
Finance costs for lease liabilities under right-of-use assets		2,016,057	2,085,214
Expected credit losses for Rental receivables	9	6,976,069	7,572,154
Expected credit losses for other receivables		106,220	810,013
Finance cost		13,169,739	9,574,568
		<u>29,552,918</u>	<u>24,811,257</u>
Changes in operating assets and liabilities:			
Rental receivables		(5,058,407)	3,219,398
Prepaid expenses and other receivables		(1,735,590)	608,953
Account payables		(2,200,000)	(3,000,000)
Unearned rent revenue		1,864,690	1,898,358
Accrued expenses and other liabilities		39,212	1,975,166
Cash generated from operating activities		<u>22,462,823</u>	<u>29,513,132</u>
Cash flow from financing activities			
Repayment of lease hold liabilities during		(7,500,000)	(5,300,000)
Proceeds from loans during		-	(5,200,000)
Financing costs paid		(12,746,523)	(8,396,991)
Dividend paid	14	-	(7,327,429)
Net cash used in financing activities		<u>(20,246,523)</u>	<u>(26,224,420)</u>
Net change in Cash at the bank		2,216,300	3,288,712
Cash and Cash at the bank at the beginning of the period		<u>3,220,691</u>	<u>1,229,649</u>
Cash and Cash at the bank at the end of the period		<u>5,436,991</u>	<u>4,518,361</u>

The accompanying notes from 1 to 18 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 2023

(All amounts are in Saudi Riyals unless otherwise stated)

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.

Trading in the fund’s units began on the Saudi stock market on Rabi’ al-Awwal 5, 1440, corresponding to November 13, 2018, after obtaining the approval of the Capital Market Authority in the Kingdom of Saudi Arabia.

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 under commercial registration No. 1010237038, and licensed as a financial market institution by the CMA under License No. 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.

The fund's fiscal year begins on January 1 and ends on December 31 of each year, in accordance with the terms and conditions of the fund.

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 2022. The results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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.

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 2023

(All amounts are in Saudi Riyals unless otherwise stated)

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

3.5 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 2022. Certain new standards, amendments and interpretations apply for the first time in 2023, 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 2023

(All amounts are in Saudi Riyals unless otherwise stated)

5. MANAGEMENT FEE, AND OTHER CHARGES

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

5.1 Subscription fee

The subscription fee is calculated at 2% of the subscription amount, paid in advance once, and the fees will not be calculated until after the allocation. These fees are deducted and paid to the fund manager.

5.2 Management fees

The Fund shall pay the Fund Manager a management fee equivalent to 0.35% of the Fund's net asset value, which shall be paid semi-annually.

5.3 Finance Structuring Fees

The Fund shall pay the Fund Manager Finance Structuring Fees equal to 1% of the amount drawn pursuant to any bank facilities obtained in favor of the Fund.

5.4 Custody Fees

The Fund shall pay the Custodian annual Custody Fees equal to 0.025% of the Fund's Net Asset Value.

5.5 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.

5.6 Performance Fees

The Fund Manager shall receive Performance Fees of 5% of the value of the positive difference between the sale price of any Fund-owned property and the price of its acquisition. In the event the Fund Manager decides to distribute the proceeds of sale of any Fund asset, the Performance Fees shall be calculated and deducted as a provision before distributing the sale proceeds. In the event the funds are reinvested in the Fund, the Fund Manager shall not be paid any Performance Fees, and there will be no Performance Fees if an asset is sold at a price equal to or lower than its acquisition price.

6. INVESTMENTS PROPERTIES. NET

The Fund owns the following investment properties:

<u>Property name</u>	<u>Property nature</u>	<u>30 June 2023</u> <u>(UN-</u> <u>AUDITED)</u>	<u>31 December</u> <u>2022</u> <u>(AUDITED)</u>
Commercial mall in Riyadh	Commercial Center	583,268,000	563,316,275
Drnef Ajyad	Hotel	101,570,000	102,064,500
The PAD	Residential	55,802,905	53,532,811
Drnef Kudai	Hotel	49,848,500	53,965,000
Commercial and administrative building in Jeddah	Commercial Center - Offices	36,660,500	36,173,500
		827,149,905	809,052,086

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

6. INVESTMENTS PROPERTIES. NET (CONTINUED)

Commercial Mall in Riyadh (previously referred to as Souq 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. The investment property has been mortgaged to Riyad Bank against a long-term loan. (Note 10)

Drnef Ajyad: A four-star hotel. 203 rooms and 11 suites are located on Ajyad Road in Makkah. The investment property has been mortgaged to Riyad Bank against a long-term loan. (Note 10)

The PAD: MEFIC REIT FUND owns 30 apartments in The PAD Tower in Dubai.

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. The investment property has been mortgaged to Riyad Bank against a long-term loan. (Note 10)

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. The investment property has been mortgaged to Riyad Bank against a long-term loan. (Note 10)

- The Fund has a policy of charging depreciation on buildings that are more than 40 years old. Depreciation is charged to the depreciable value, I.e., cost minus residual value.

- All properties of MEFIC REIT FUND are held in the name of Amar Real Estate Development and Investment Company ("Special Purpose vehicle"). The SPV holds these properties for the beneficial ownership of the Fund and does not have any controlling interest or any stake in these properties.

- The fund manager reviews its investment properties to check for impairment. An impairment loss is made for the amount by which the carrying amount exceeds the recoverable amount of the investment property, being the higher of the assets' fair value less costs to sell and value in use. As of June 30, 2023, and according to the periodic valuation reports submitted by the independent valuers of the Fund There was a reversal of a provision for impairment in the value of real estate investments during the year, amounting to 21,204,677 Saudi riyals (December 31, 2022: 16,060,333 Saudi riyals).

Below are the details of the investment properties:

	30 June 2023 (UN-AUDITED)		
	Land	Building	Total
Cost:			
Balance at the beginning of the period	731,078,622	248,548,596	979,627,218
Balance at the end of the period	731,078,622	248,548,596	979,627,218
Accumulated Depreciation:			
Balance at the beginning of the period	-	(24,649,128)	(24,649,128)
Charge for the period	-	(3,106,858)	(3,106,858)
Balance at the end of the period	-	(27,755,986)	(27,755,986)
(Impairment) / reversal of Impairment Loss:			
Balance at the beginning of the period	-	(145,926,004)	(145,926,004)
Reversal of Impairment Loss	-	21,204,677	21,204,677
Balance at the end of the period	-	(124,721,327)	(124,721,327)
Net Book Value:	731,078,622	96,071,283	827,149,905

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

6. INVESTMENTS PROPERTIES, NET (CONTINUED)

	31 December 2022 (AUDITED)		
	Land	Building	Total
Cost:			
Balance at the beginning of the year	731,078,622	248,548,596	979,627,218
Balance at the end of the year	731,078,622	248,548,596	979,627,218
Accumulated Depreciation:			
Balance at the beginning of the year	-	(18,435,413)	(18,435,413)
Charge for the year	-	(6,213,715)	(6,213,715)
Balance at the end of the year	-	(24,649,128)	(24,649,128)
(Impairment) / reversal of Impairment Loss:			
Balance at the beginning of the year	-	(161,986,337)	(161,986,337)
Reversal of Impairment Loss	-	16,060,333	16,060,333
Balance at the end of the year	-	(145,926,004)	(145,926,004)
Net Book Value:	731,078,622	77,973,464	809,052,086

The value of mortgaged and unmortgaged investment properties is as follows:

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
mortgaged investment properties (note 10)	771,347,000	755,519,275
unmortgaged investment properties	55,802,905	53,532,811
	827,149,905	809,052,086

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

description	Valuer 1 Evaluation Approach	Market value	
		30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Commercial mall in Riyadh	Income Approach discounted cash flow Approach and cost Approach	610,400,000	578,400,000
Drnef Ajyad	discounted cash flow Approach	108,700,000	111,000,000
The PAD	Comparison value Approach	57,491,984	57,244,541
Drnef Kuddai	discounted cash flow Approach	54,000,000	62,000,000
Commercial and administrative building in Jeddah	Income Approach (Capitalization method)	36,850,000	36,100,000
		867,441,984	844,744,541

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(MANAGED BY MIDDLE EAST FINANCIAL INVESTMENT COMPANY)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

6. INVESTMENTS PROPERTIES. NET (CONTINUED)

description	Valuer 2 Evaluation Approach	Market value	
		30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Commercial mall in Riyadh	discounted cash flow Approach	556,136,000	548,232,550
Drnef Ajyad	discounted cash flow Approach	94,440,000	93,129,000
The PAD	Comparison value Approach	54,113,825	49,821,080
Drnef Kuddai	discounted cash flow Approach	45,697,000	45,930,000
Commercial and administrative building in Jeddah	discounted cash flow Approach	36,471,000	36,247,000
		786,857,825	773,359,630

7. INTANGIBLE ASSETS - RIGHT OF BENEFIT. NET

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Cost:		
Balance at the beginning of the period / year	160,590,000	160,590,000
Balance at the end of the period / year	160,590,000	160,590,000
Accumulated Amortization:		
Balance at the beginning of the period / year	(60,513,956)	(46,275,378)
Charge for the period / year	(7,119,288)	(14,238,578)
Balance at the end of the period / year	(67,633,244)	(60,513,956)
Reversal of Impairment Loss		
Balance at the beginning of the period / year	-	(8,945,240)
Reversal of Impairment Loss of the period / year	(559,505)	8,945,240
Balance at the end of the period / year	(559,505)	-
Net Book Value:	92,397,251	100,076,044

Dhiyafa: 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 18 Rabi` al-Awwal 1462 corresponding to March 31, 2040.

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 1 Safar 1448 corresponding to 17 July 2026.

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.

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

7. INTANGIBLE ASSETS - RIGHT OF BENEFIT. NET (CONTINUED)**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).

Valuer 1		Market value	
description	Evaluation Approach	30 June 2023 (UN- AUDITED)	31 December 2022 (AUDITED)
Hospitality	Income Approach and cash flow Approach	127,200,000	129,600,000
Plaza 1	Income Approach and cash flow Approach	18,220,000	33,650,000
		145,420,000	163,250,000

Valuer 2		Market value	
description	Evaluation Approach	30 June 2023 (UN- AUDITED)	31 December 2022 (AUDITED)
Hospitality	discounted cash flow Approach	126,500,000	127,207,000
Plaza 1	discounted cash flow Approach	32,764,000	33,708,000
		159,264,000	160,915,000

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.

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

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)

The valuation of investment properties and intangible assets is as follows:

30 June 2023 (UN-AUDITED)	Valuation 1	Valuation 2	Average
investment properties, net (note 6)	867,441,984	786,857,825	827,149,905
Intangible assets - right of benefit, net (note 7)	145,420,000	159,264,000	152,342,000
Total	1,012,861,984	946,121,825	979,491,905
31 December 2022 (AUDITED)	Valuation 1	Valuation 2	Average
investment properties, net (note 6)	844,744,541	773,359,630	809,052,086
Intangible assets - right of benefit, net (note 7)	163,250,000	160,915,000	162,082,500
Total	1,007,994,541	934,274,630	971,134,586

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:

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Estimated fair value of investment properties and intangible assets based on the average of the two valuations used	979,491,905	971,134,586
Less: book value		
investment properties, net (note 6)	(827,149,905)	(809,052,086)
Intangible assets - right of benefit, net (note 7)	(92,397,251)	(100,076,044)
Estimated fair value exceeded the book value	59,944,749	62,006,456
Units in issue (in numbers)	73,276,800	73,276,800
Unit's excess share of the estimated fair value	0.8181	0.8462

Net assets attributable to the unitholders

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Net assets attributable to the unitholders as in the financial statements before adjusting the fair value	537,610,828	524,630,693
excess of the estimated fair value over book value	59,944,749	62,006,456
Net assets attributable to the unitholders on the fair value of investment properties and intangible assets	597,555,577	586,637,149

Net asset value per unit:

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
The book value of the assets belonging to the unit as in the financial statements before the fair value adjustment	7.3367	7.1596
The incremental value of the unit is based on the fair value	0.8181	0.8462
The market value of the assets belonging to the unit	8.1548	8.0058

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

9. ACCOUNT RECEIVABLES. NET

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Rent receivable	88,241,004	83,182,597
Expected credit losses for account receivables	(63,693,088)	(56,717,019)
	24,547,916	26,465,578

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

	30 June 2023 (UN-AUDITED)	31 December 2022 (AUDITED)
Balance at the beginning of the period / year	56,717,019	40,305,417
Charged during the period / year	6,976,069	16,411,602
Balance at the end of the period / year	63,693,088	56,717,019

10. 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 loan is due for repayment on Muharram 13, 1448, corresponding to June 28, 2026.

The balance of loans as of June 30, 2023 amounted to 347,222,486 Saudi riyals (December 31, 2022: 347,222,486 Saudi riyals), and the value of accrued financing cost for this loan as of June 30, 2023 amounted to 7,190,335 Saudi riyals (December 31, 2022: 6,767,119 Saudi riyals).

The loans are secured by a promissory note amounting to 693,200,000 Saudi riyals, and also by mortgaging some investment properties with a value of 771,347,000 Saudi riyals as of June 30, 2023 (December 31, 2022: 755,519,275 Saudi riyals), (Note 6).

11. ACCOUNT PAYABLES

	30 June 2023 (UN- AUDITED)	31 December 2022 (AUDITED)
Middle East Financial Investment Company (the "Fund Manager") (Note 12)	20,000,000	20,200,000
Fahad Ibrahim Saad Al Mousa (Note 12)	1,000,000	3,000,000
	21,000,000	23,200,000

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 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the ordinary course of business, the Fund carries out transactions with related parties. Related parties to the fund include the unit holders and the fund manager. Transactions with related parties are carried out in accordance with the terms and conditions of the fund. All transactions with related parties are carried out according to agreed terms under a formal agreement.

Transactions with related parties;

Related parties	Nature of relationship	Nature of transaction	30 June 2023 Debit/(Credit) (UN- AUDITED)	31 December 2022 Debit/(Credit) (AUDITED)
Middle East Financial Investment Company (the "Fund Manager")	Fund manager	Fund management fees	(1,084,098)	(1,067,849)

Related party balances as the reporting date were as follows:

	30 June 2023 Debit/(Credit) (UN-AUDITED)	31 December 2022 Debit/(Credit) (AUDITED)
Middle East Financial Investment Company (the "Fund Manager") (Note 11)	(20,000,000)	(20,200,000)
Middle East Financial Investment Company (the "Fund Manager")	(4,410,367)	(3,326,269)
Fahad Ibrahim Saad Al Mousa (Note 11)	(1,000,000)	(3,000,000)

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies or commitments as of the reporting date.

14. DIVIDEND DISTRIBUTIONS

- On Rabi' al-Awwal 29, 1444, corresponding to September 29, 2022, the Fund's Board of Directors approved the distribution of dividends in the amount of 0.05 Saudi riyals per unit, with a total of 3.6 million Saudi riyals, to the unit holders, and the distribution took place on Rabi' al-Thani 22, 1444, corresponding to November 16, 2022.

- On Shaaban 28, 1443, corresponding to March 31, 2022, the fund's board of directors approved the distribution of dividends in the amount of 0.10 Saudi riyals per unit, with a total of 7.3 million Saudi riyals, to the unit holders, and the distribution took place on Shawwal 7, 1443, corresponding to May 8, 2022.

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 2023

(All amounts are in Saudi Riyals unless otherwise stated)

15. 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 at the bank, and rental receivables. Financial liabilities consist of loans, and accounts payable, and Unearned rent revenue, and accrued expenses and other current liabilities.

The estimated fair value of the fund's financial assets and liabilities are not significantly different from their book values. As at 30 June 2022 and 31 December 2022.

16. LAST VALUATION DATE

The last valuation date of the period was on 12 Dhu al-Hijjah 1444 corresponding to 30 June 2023.

17. SUBSEQUENT EVENTS

The management believes that there are no significant subsequent events since the end of the financial period that may require disclosure or amendment to these interim condensed financial statements.

18. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 13 August 2023 (corresponding to 26 Muharram 1445).