



**MEFIC REIT FUND**  
**Traded Real Estate Investment Fund**  
(Managed by Middle East Financial Investment Company)  
**Interim condensed financial statements (Unaudited)**  
**For the six-month period ended 30 June 2024**  
**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 2024**

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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 2024 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 information on 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 PKF Al Bassam**  
**Chartered Accountants**



Ahmed Abdul Majeed Mohandis  
Certified Public Accountant  
License No. 477  
Riyadh: 4 Safar 1446H  
Corresponding to: 8 August 2024



**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**INTERIM STATEMENT OF FINANCIAL POSITION****As of 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

	<b>Note</b>	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (audited)</b>
<b>ASSETS</b>			
Investment properties, net	<b>6</b>	<b>815,981,759</b>	806,928,741
Intangible assets – Right of use, net	<b>7</b>	<b>85,850,197</b>	90,566,091
Right-of-use assets, net		<b>73,459,205</b>	77,274,274
Rent receivable, net	<b>9</b>	<b>17,544,931</b>	18,892,029
Cash and cash equivalents		<b>4,305,378</b>	8,310,894
<b>TOTAL ASSETS</b>		<b>997,141,470</b>	1,001,972,029
<b>LIABILITIES</b>			
Borrowings	<b>10</b>	<b>353,304,008</b>	353,566,308
Lease liabilities under right-of-use assets		<b>90,695,422</b>	93,690,670
Trade payables	<b>11</b>	<b>17,000,000</b>	18,000,000
Unearned rental income		<b>16,376,519</b>	14,909,198
Accrued expenses and other liabilities		<b>11,001,973</b>	8,648,306
<b>TOTAL LIABILITIES</b>		<b>488,377,922</b>	488,814,482
<b>Net assets value (equity) attributable to the Unitholders</b>		<b>508,763,548</b>	513,157,547
Units in issue (number)		<b>73,276,800</b>	73,276,800
<b>Net assets (equity) attributable to each unit – Book value</b>		<b>6.9430</b>	7.0030
<b>Net assets (equity) attributable to each unit – Fair value</b>	<b>8</b>	<b>7.7459</b>	7.7438

The accompanying notes (1) to (19) form an integral part of these financial statements.

**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)****For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<b>REVENUES</b>			
Rental income		35,829,272	31,757,908
<b>Total Revenue</b>		<b>35,829,272</b>	<b>31,757,908</b>
<b>OPERATING EXPENSES</b>			
Depreciation of investment properties	6	(3,106,858)	(3,106,858)
Reversal of impairment on investment properties	6	12,159,876	21,204,677
Amortization of intangible assets – right-of-use	7	(4,715,894)	(7,119,288)
Impairment on intangible assets - right-of-use	7	-	(559,505)
Depreciation of right-of-use assets		(3,815,069)	(4,723,724)
Finance cost of lease liabilities under right-of-use assets		(1,754,752)	(2,016,057)
Provision for expected credit losses	9	(7,341,276)	(7,082,289)
Other expenses		(10,595,582)	(6,613,683)
Fund management fees	12	(892,131)	(942,694)
Custodian fees		(124,643)	(128,981)
<b>Total Operating Expenses</b>		<b>(20,186,329)</b>	<b>(11,088,402)</b>
<b>Operating income</b>		<b>15,642,943</b>	<b>20,669,506</b>
Finance cost		(14,194,254)	(13,169,739)
Other revenue		18,110	5,480,368
<b>Net income for the period</b>		<b>1,466,799</b>	<b>12,980,135</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>1,466,799</b>	<b>12,980,135</b>

The accompanying notes (1) to (19) form an integral part of these financial statements.

**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (UNAUDITED)****For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

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	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<b>Net assets value (equity) attributable to the Unitholders at beginning of the period</b>		<b>513,157,547</b>	524,630,693
Total comprehensive income for the period		<b>1,466,799</b>	12,980,135
Dividends	<b>14</b>	<b>(5,860,798)</b>	-
<b>Net assets value (equity) attributable to the Unitholders at the end of the period</b>		<b>508,763,548</b>	537,610,828

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The accompanying notes (1) to (19) form an integral part of these financial statements.

**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)****For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

	<u>Note</u>	<u>30 June 2024</u>	<u>30 June 2023</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net income for the period		1,466,799	12,980,135
<b>Adjustment to reconcile net income to net cash used in operating activities:</b>			
Depreciation of investment properties	6	3,106,858	3,106,858
Reversal of impairment on investment properties	6	(12,159,876)	(21,204,677)
Amortization of intangible assets - right of use	7	4,715,894	7,119,288
Impairment on intangible assets - right-of-use	7	-	559,505
Depreciation of right-of-use assets		3,815,069	4,723,724
Finance cost of lease liabilities under right-of-use assets		1,754,752	2,016,057
Provision for expected credit losses	9	7,341,276	7,082,289
Finance cost		14,194,254	13,169,739
		<u>24,235,026</u>	<u>29,552,918</u>
<b>Changes in operating assets &amp; liabilities:</b>			
Rent receivable, net		(5,994,178)	(6,793,997)
Unearned rental income		1,467,321	1,864,690
Accrued expenses and other liabilities		2,353,667	39,212
<b>Net cash generated from operating activities</b>		<u>22,061,836</u>	<u>24,662,823</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Trade payables paid		(1,000,000)	(2,200,000)
Payment of lease liabilities		(4,750,000)	(7,500,000)
Finance costs paid		(14,456,554)	(12,746,523)
Dividends paid	14	(5,860,798)	-
<b>Net cash used in financing activities</b>		<u>(26,067,352)</u>	<u>(22,446,523)</u>
<b>Net change in cash and cash equivalents</b>		<b>(4,005,516)</b>	2,216,300
Cash and cash equivalents at the beginning of the period		8,310,894	3,220,691
<b>Cash and cash equivalents at the end of the period</b>		<u>4,305,378</u>	<u>5,436,991</u>

The accompanying notes (1) to (19) form an integral part of these financial statements.

## **MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

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#### **1. ORGANIZATION AND ACTIVITY**

MEFIC REIT Fund (the “Fund”) is a close-ended Shariah compliant, public-traded real estate investment 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”), it has the code (4346) and its units are traded according to Capital Market Authority (CMA) regulations and legislation. The capital of the fund is SAR 732,768,000 divided into 73,276,800 units with a nominal value of 10 SAR per unit. The fund has a term of 99 years, which is extendable at the discretion of the Fund Manager following the approval of CMA.

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

The Fund’s primary investment objective is to provide its unitholders with regular income by investing in income-generating properties assets located in Saudi Arabia and the Gulf countries.

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

The Fund is managed by Middle East Financial Investment Company (the Fund Manager”) A Saudi closed joint stock Company under CR No 1010237038 and licensed by CMA under license No 06029-37 as a financial market institution.

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

#### **2. REGULATING AUTHORITY**

The Fund operates in accordance with Real Estate Investment Fund Regulations "REIFR" issued by the CMA. The regulations detail requirements for real estate funds and publicly 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 Financial Reporting Standards (“IFRS”) that endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for chartered Public Accountants (“SOCPA”). To comply with the relevant executive regulations issued by the Capital Market Authority and the terms and conditions of the fund.

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 2023. The results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.



## **MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

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### **3. BASIS OF PREPARATION (CONTINUED)**

#### **3.2 Basis of measurement**

These interim condensed financial statements have been prepared based on the historical cost principle, using the accounting accrual basis.

The Fund continued to use the cost model for the year ending 31 December 2023 and for the period ending 30 June 2024.

#### **3.3 Functional and presentation currency**

Items included in these financial statements are measured using the primary currency in which the Fund operates (the “functional currency”). These financial statements are presented in Saudi Riyal (“SAR”) which is the Fund’s functional and presentation currency, Figures are rounded to the nearest Saudi Riyal unless otherwise stated.

#### **3.4 Significant Accounting Judgements, Estimates and Assumptions**

The preparation of interim condensed financial statements requires management to use judgments, estimates and assumptions that affect the amounts of assets, liabilities, income, expenses, accompanying disclosures and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affecting future periods.

The uncertainty of 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 interim condensed financial statements:

- Provision for expected credit losses
- Useful lives of investment properties
- Determining the fair values of investment properties
- Impairment on the 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.

## **MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

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#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The fund's management approved the disclosure of accounting policies ("amendments to IAS 1") effective 1 January 2023. The amendments require disclosure of accounting policies ("significant") instead of accounting policies ("important"), and although the amendments did not result in any changes in the accounting policy itself, they impact the accounting policy information that is disclosed in some of the amendments.

The accounting policies used in preparing these interim condensed financial statements are consistent with those used and disclosed in the fund's annual financial statements for the year ending 31 December 2023.

There are numerous other amendments and interpretations that have been issued but have not become effective as at the date of issuance of the fund's interim condensed financial statements. The fund's board of directors believes that this will not have a significant impact on the fund's interim condensed financial statements. The fund intends to adopt these amendments and interpretations, if applicable.

#### **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 is entitled to a 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.

## MEFIC REIT FUND

(Managed by Middle East Financial Investment Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in Saudi Riyal unless otherwise stated)

#### **6. INVESTMENT PROPERTIES, NET**

The Fund owns the following investment properties:

Property	Property Nature	Net book value as at	
		30 June 2024 (Unaudited)	31 December 2023 (audited)
Commercial Complex in Riyadh	Mall	550,905,500	544,292,500
Drnef Ajyad	Hotel	113,518,500	110,566,000
The Pad	Residential	58,440,661	60,256,238
Drnef Kudai	Hotel	54,396,098	54,796,003
Commercial And Administrative Building in Jeddah	Mall - Offices	38,721,000	37,018,000
		<b>815,981,759</b>	<b>806,928,741</b>

**Commercial Complex in Riyadh (previously referred to as Souq Sharq):** A commercial retail plaza in Riyadh that contains 187 stores, the mall consists of 21 buildings working in the field of furniture, furnishings, café, and others. It is located on the Eastern Ring Road in Riyadh - Al-Jazirah District. The investment property was mortgaged in the name of a local 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 was mortgaged to Riyadh Bank against a long-term loan (Note. 10).

**The Pad:** MEFIC REIT fund owns 30 apartments in The Pad 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 was mortgaged to Riyadh 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 plaza and 6 office floors. It is located on Al-Andalus Road in Al-Hamra District in Jeddah. The investment property was mortgaged to Riyadh 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 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 30 June 2024, and according to the periodic valuation reports submitted by the independent valuers of the Fund, there was a reversal of impairment provision on investment property during the year at a value SAR 12,159,876 (31 December 2023: SAR 4,090,370).

**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

**6. INVESTMENT PROPERTIES, NET (CONTINUED)**

	30 June 2024 (Unaudited)		
	Land	Buildings	Total
<b>Cost:</b>			
At the beginning of the period	731,078,622	248,548,596	979,627,218
<b>At the end of the period</b>	<b>731,078,622</b>	<b>248,548,596</b>	<b>979,627,218</b>
<b>Accumulated Depreciation:</b>			
At the beginning of the period	-	(30,862,843)	(30,862,843)
Charged for the period	-	(3,106,858)	(3,106,858)
<b>At the end of the period</b>	<b>-</b>	<b>(33,969,701)</b>	<b>(33,969,701)</b>
<b>Reversal / (loss) of accumulated impairment:</b>			
At the beginning of the period	-	(141,835,634)	(141,835,634)
Reversal of impairment during period	-	12,159,876	12,159,876
<b>At the end of the period</b>	<b>-</b>	<b>(129,675,758)</b>	<b>(129,675,758)</b>
<b>Net book value</b>	<b>731,078,622</b>	<b>84,903,137</b>	<b>815,981,759</b>
	31 December 2023 (audited)		
	Land	Buildings	Total
<b>Cost:</b>			
At the beginning of the year	731,078,622	248,548,596	979,627,218
<b>At the end of the year</b>	<b>731,078,622</b>	<b>248,548,596</b>	<b>979,627,218</b>
<b>Accumulated Depreciation:</b>			
At the beginning of the year	-	(24,649,128)	(24,649,128)
charged for the year	-	(6,213,715)	(6,213,715)
<b>At the end of the year</b>	<b>-</b>	<b>(30,862,843)</b>	<b>(30,862,843)</b>
<b>Reversal / (loss) of accumulated impairment:</b>			
At the beginning of the year	-	(145,926,004)	(145,926,004)
Reversal of impairment during year	-	4,090,370	4,090,370
<b>At the end of the year</b>	<b>-</b>	<b>(141,835,634)</b>	<b>(141,835,634)</b>
<b>Net book value</b>	<b>731,078,622</b>	<b>75,850,119</b>	<b>806,928,741</b>

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

	30 June 2024 (Unaudited)	31 December 2023 (audited)
Mortgaged investment properties (Note 10)	757,541,098	746,672,503
Unmortgaged investment properties	58,440,661	60,256,238
	<b>815,981,759</b>	<b>806,928,741</b>

**MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)****For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

**6. INVESTMENT PROPERTIES, NET (CONTINUED)****Market values:**

The fair value of investment properties as at the date of the report was determined by two independent Valuers (“White Cubes Co”) and (“Tathmen Company”) both Valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem).

<b>First Valuer</b>		<b>Market values</b>	
<b>property</b>	<b>valuation method</b>	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (audited)</b>
Commercial Complex in Riyadh	Income method - discounted cash flow method	<b>569,629,000</b>	569,629,000
Drnef Ajyad	Income method - discounted cash flow method	<b>122,000,000</b>	120,600,000
The Pad	Market method - market comparison method	<b>60,500,000</b>	62,255,475
Drnef Kudai	Income method - discounted cash flow method	<b>65,000,000</b>	63,500,000
Commercial and administrative building in Jeddah	Income method - discounted cash flow method	<b>38,000,000</b>	37,800,000
		<b>855,129,000</b>	853,784,475
<b>Second Valuer</b>		<b>Market values</b>	
<b>property</b>	<b>valuation method</b>	<b>30 June 2024 (Unaudited)</b>	<b>31 December 2023 (audited)</b>
Commercial Complex in Riyadh	Income method - discounted cash flow method	<b>532,182,000</b>	518,956,000
Drnef Ajyad	Income method (residual value)	<b>105,037,000</b>	100,532,000
The Pad	Market method (comparative transactions method)	<b>56,381,322</b>	58,257,000
	Income method (income capitalization)		
Drnef Kudai	Income method (Residual value)	<b>51,120,000</b>	50,005,000
Commercial and administrative building in Jeddah	Income method - discounted cash flow method	<b>39,442,000</b>	36,236,000
		<b>784,162,322</b>	763,986,000

## MEFIC REIT FUND

(Managed by Middle East Financial Investment Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in Saudi Riyal unless otherwise stated)

#### 7. INTANGIBLE ASSETS - RIGHT OF USE, NET

	<u>30 June 2024</u> <u>(Unaudited)</u>	<u>31 December 2023</u> <u>(audited)</u>
<b>Cost:</b>		
Balance at the beginning of the period / year	160,590,000	160,590,000
<b>Balance at the end of the period / year</b>	<b>160,590,000</b>	<b>160,590,000</b>
<b>Accumulated Amortization:</b>		
Balance at the beginning of the period / year	(70,023,909)	(60,513,956)
Charged for the period / year	(4,715,894)	(9,509,953)
<b>Balance at the end of the period / year</b>	<b>(74,739,803)</b>	<b>(70,023,909)</b>
<b>Net book value</b>	<b>85,850,197</b>	<b>90,566,091</b>

The Fund acquired the Right of use for the properties described below:

**Dhiyafa:** a commercial building that includes 9 restaurants and a sorority. It is located on the Northern Ring Road, Al-Nakhil District in Riyadh. Right of use for this property expires on 18 Rabii I 1462 AH corresponding to 31 March 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. Right of use of this property on 24 Safar 1450 AH corresponding to 16 July 2028.

Since the right of use do not represent a large part of the operating life of property, they are recognized as intangible assets. These rights are amortized over their useful lives.

#### **Market values:**

The fair value of investment properties as at the report date was determined by two independent valuers ("White Cubes Professional Consulting Company") and Saudi Asset Valuation and Appraisal Company (Tathmeen) both valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem).

<b>First Valuer</b>		<b>Market values</b>	
<b>property</b>	<b>valuation method</b>	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(audited)</b>
Dhiyafa	Income method - discounted cash flow method	130,700,000	128,390,000
Plaza 1	Income method - discounted cash flow method	30,660,000	30,660,000
		<b>161,360,000</b>	<b>159,050,000</b>
<b>Second Valuer</b>		<b>Market values</b>	
<b>property</b>	<b>valuation method</b>	<b>30 June 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(audited)</b>
Dhiyafa	Income method - discounted cash flow method	103,117,000	107,172,000
Plaza 1	Income method - discounted cash flow method	17,558,000	19,563,000
		<b>120,675,000</b>	<b>126,735,000</b>

## MEFIC REIT FUND

(Managed by Middle East Financial Investment Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in Saudi Riyal unless otherwise stated)

#### **8. THE IMPACT ON NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS IF INVESTMENT PROPERTY 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 valuations by two independent valuers. As explained in the fund's terms and conditions, the net asset value is disclosed based on market value. However, in accordance with the Fund's accounting policy, investment properties and intangible assets are stated at cost less accumulated depreciation and amortization and impairment, if any, in these interim condensed financial statements.

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

<b><u>30 June 2024 (Unaudited)</u></b>	<b><u>Valuation 1</u></b>	<b><u>Valuation 2</u></b>	<b><u>Average</u></b>
Investment properties, net (Note 6)	855,129,000	784,162,322	819,645,661
Intangible assets - right of use, net (Note 7)	161,360,000	120,675,000	141,017,500
<b>Total</b>	<b>1,016,489,000</b>	<b>904,837,322</b>	<b>960,663,161</b>

  

<b><u>31 December 2023 (audited)</u></b>	<b><u>Valuation 1</u></b>	<b><u>Valuation 2</u></b>	<b><u>Average</u></b>
investment properties, net (Note 6)	853,784,475	763,986,000	808,885,238
Intangible assets - right of use, net (Note 7)	159,050,000	126,735,000	142,892,500
<b>Total</b>	<b>1,012,834,475</b>	<b>890,721,000</b>	<b>951,777,738</b>

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

The following is an analysis of the fair value of investment properties and intangible assets versus cost:

	<b><u>30 June 2024 (Unaudited)</u></b>	<b><u>31 December 2023 (audited)</u></b>
<b>Estimated fair value of investment properties and intangible assets based on the average of the two valuations used</b>	<b>960,663,161</b>	<b>951,777,738</b>
Less: book value		
- Investment properties, net (Note 6)	<b>(815,981,759)</b>	<b>(806,928,741)</b>
- Intangible assets- right of use, net (Note 7)	<b>(85,850,197)</b>	<b>(90,566,091)</b>
<b>Estimated fair value excess of book value</b>	<b>58,831,205</b>	<b>54,282,906</b>
Units in issue (in number)	<b>73,276,800</b>	<b>73,276,800</b>
<b>Excess unit share of estimated fair value</b>	<b>0.8029</b>	<b>0.7408</b>

#### **Net assets attributable to the Unitholders**

	<b><u>30 June 2024 (Unaudited)</u></b>	<b><u>31 December 2023 (audited)</u></b>
<b>Net assets value attributable to the unitholders as per the financial statements before fair value adjustment</b>	<b>508,763,548</b>	<b>513,157,547</b>
Estimated fair value excess of book value	<b>58,831,205</b>	<b>54,282,906</b>
<b>Net assets value attributable to the Unitholders based on fair value of investment properties and intangible assets</b>	<b>567,594,753</b>	<b>567,440,453</b>

## MEFIC REIT FUND

(Managed by Middle East Financial Investment Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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(All amounts in Saudi Riyal unless otherwise stated)

#### **8. THE IMPACT ON NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS IF INVESTMENT PROPERTY AND INTANGIBLE ASSETS ARE MEASURED AT FAIR VALUE (CONTINUED)**

Net asset value per unit:

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(audited)</b>
<b>The book value of the assets value per unit as per the financial statements before fair value adjustment</b>	<b>6.9430</b>	7.0030
Additional value per unit based on fair value	<b>0.8029</b>	0.7408
<b>Market value of assets attributable to the unit</b>	<b>7.7459</b>	7.7438

#### **9. RENT RECEIVABLE, NET**

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(audited)</b>
Rent receivables	<b>104,170,011</b>	98,175,833
Provision for expected credit losses	<b>(86,625,080)</b>	(79,283,804)
	<b>17,544,931</b>	18,892,029

The movement on the provision for expected credit losses is as follows:

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(audited)</b>
Balance at the beginning of the period / year	<b>79,283,804</b>	58,912,843
Charged for the period / year	<b>7,341,276</b>	20,370,961
<b>Balance at the end of the period / year</b>	<b>86,625,080</b>	79,283,804

#### **10. BORROWINGS**

Amar Real Estate Company (SPV) has gotten Islamic finance facilities from Al-Riyadh Bank amounting to SAR 400,000,000 for the purpose of finance the investment properties of the Fund. The borrowing carries a profit rate at SAIBOR plus 2.15%, the borrowing payable on 13 Muharram1448 AH, corresponding to 28 June 2026.

The balance of borrowings as of 30 June 2024 amounted to SAR 347,222,486 (31 December 2023: SAR 347,222,486), and the value of the finance costs payable of this borrowing as of 30 June 2024 amounted to SAR 6,081,522 (31 December 2023: SAR 6,343,822).

The borrowings are guaranteed by a promissory note totaling SAR 693,200,000, and also by a mortgage on some investment properties amounting to SAR 757,541,098 as of 30 June 2024 (31 December 2023: SAR 746,672,503), (Note 7).

#### **11. TRADE PAYABLES**

	<b>30 June 2024</b> <b>(Unaudited)</b>	31 December 2023 <b>(audited)</b>
Middle East Financial Investment Company ("Fund manager") (Note 12)	<b>17,000,000</b>	18,000,000
	<b>17,000,000</b>	18,000,000



## MEFIC REIT FUND

(Managed by Middle East Financial Investment Company)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

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## **12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

In the course of the Fund's normal business, it conducts related party transactions. The related parties to the fund include the unit holders and the fund manager. Related party transactions are carried out in accordance with the terms and conditions of the fund. All related party transactions are carried out according to agreed terms under a formal agreement.

### **Transactions with related parties**

<b>Related parties</b>	<b>Nature of relationship</b>	<b>Nature of transaction</b>	<b>30 June 2024 Debit / (Credit) (Unaudited)</b>	<b>30 June 2023 Debit / (Credit) (Un-audited)</b>
Middle East Financial Investment Company (the "Fund Manager")	Fund Manager	Management fee	<b>1,025,951</b>	1,084,098

### **Resulting related party balances:**

	<b>30 June 2024 Debit / (Credit) (Unaudited)</b>	<b>31 December 2023 Debit / (Credit) (audited)</b>
Middle East Financial Investment Company (the "Fund Manager") (Note 11)	<b>(17,000,000)</b>	(18,000,000)
Middle East Financial Investment Company (the "Fund Manager")	<b>(4,068,423)</b>	(3,171,765)

## **13. CONTINGENT LIABILITIES AND COMMITMENTS**

The Fund does not have any contingent liabilities or commitments at the reporting date at the reporting date.

## **14. DIVIDENDS**

- On 20 Ragab 1445 H, corresponding to 1 February 2024, the Fund's Board of directors approved on dividends in SAR 0.08 per unit, with a totalling 5.9 million SAR, to the unitholders, and the distribution was made on 26 Shaban 1445 AH, corresponding to 7 March 2024.

## **MEFIC REIT FUND**

(Managed by Middle East Financial Investment Company)

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six-month period ended 30 June 2024**

(All amounts in Saudi Riyal unless otherwise stated)

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#### **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, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has access to at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in 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. Financial liabilities consist of fund management fees payable, commission payable, accrued expenses and other liabilities.

The estimated fair value of the Fund's financial assets and liabilities is not considered to be significantly different from their carrying values. As at 30 June 2023 and 31 December 2023.

#### **16. LAST VALUATION DAY**

The last evaluation day of the year was on 24 Dhul-Hijja 1445 AH corresponding to 30 June 2024.

#### **17. RECLASSIFICATION OF COMPARATIVE PERIOD FIGURES**

During the period, the fund has made certain reclassifications in the comparative financial statement to compatible to current period presentation.

#### **18. SUBSEQUENT EVENTS**

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

#### **19. APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS**

The interim condensed financial statements for the period ended 30 June 2024, were approved by the Board of Directors on 3 Safar 1446 AH, corresponding to 7 August 2024.