

**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**  
**Unaudited Interim Condensed Financial Statements**  
**For the Period from 01 January 2021 to 18 March 2021**  
**Together with the Independent Auditor's Review Report**

**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**

---

**Index**

	<b>Page</b>	<b>Exhibit</b>
Independent auditor's review report on interim condensed financial statements	1	--
Interim condensed statement of financial position as of 18 March 2021 (Unaudited)	2	A
Interim condensed Statement of comprehensive income for the Period from 01 January 2021 to 18 March 2021 (Unaudited)	3	B
Interim condensed Statement of changes in net assets attributable to Unitholders for the Period from 01 January 2021 to 18 March 2021 (Unaudited)	4	C
Interim condensed Statement of cash flows for the Period from 01 January 2021 to 18 March 2021 (Unaudited)	5	D
Notes to Interim condensed financial statements for the Period from 01 January 2021 to 18 March 2021 (Unaudited)	6-11	--



**Independent Auditor's Report on Interim Condensed Financial Statements**

The Unitholders of  
MEFIC Real Estate Income Fund  
Managed by Middle East Financial Investment Company  
Riyadh - Kingdom of Saudi Arabia

**Introduction:**

We have reviewed the accompanying interim condensed financial statements of MEFIC Real Estate Income Fund ("the Fund") managed by Middle East Financial Investment Company ("MEFIC") that included the interim condensed statement of financial position as of 18 March 2021 and the related interim condensed statements of comprehensive income, changes in net assets attributable to Unitholders and cash flow for the period from 01 January 2021 to 18 March 2021 and a summary of selected significant accounting policies and other explanatory notes from (1) to (16).

Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 ("IAS 34") – Interim Financial Reporting" 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 Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 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 cause us to believe that the accompanying interim condensed financial statements are not prepared in all material respects, in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

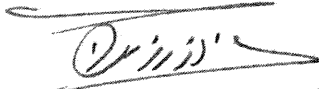
**Other Matter:**

The interim condensed financial statements of the fund for the period ended 30 June 2020 were reviewed by another auditor who has issued an unmodified conclusion on the interim condensed financial statements dated 02 September 2020 and the financial statement of the fund for the year ended 31 December 2020 were audited by another auditor who has issued an unmodified opinion on the financial statements dated 24 February 2021.

**Explanatory Paragraph:**

Without qualifying our conclusion, we refer to notes (1/b) and (2/2) to the accompanying interim condensed financial statements which state that the contractual tenure of the Fund has expired on 18 March 2021; accordingly, these interim condensed financial statements have been prepared as of 18 March 2021 and for the period from 01 January 2021 to 18 March 2021.

For Talal Abu-Ghazaleh & Co.



Abdulqadir A. Al-Wohaib  
Certified Public Accountant  
(License No. 48)

09 Muharram 1443H.  
17 August 2021G.



MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Interim Condensed Statement of Financial Position  
 As of 18 March 2021

Exhibit A

	Note	18 March 2021 Unaudited SR.	31 December 2020 Audited SR.
<b>Assets</b>			
Cash at bank - current account	(6)	116,437,710	566,737
Receivable from a Government authority		--	116,605,509
<b>Total Assets</b>		<b>116,437,710</b>	<b>117,172,246</b>
<b>Liabilities</b>			
Due to a related party	(7)	6,000,000	6,000,000
Management fee payable	(7)	3,926,906	3,926,906
Dividend payable	(7)	1,610,000	1,610,000
Other expenses payable and accruals	(9)	1,184,411	1,880,197
<b>Total Liabilities</b>		<b>12,721,317</b>	<b>13,417,103</b>
<b>Net assets attributable to the Unitholders</b>		<b>103,716,393</b>	<b>103,755,143</b>
Units in issue – (numbers)		9,630,000	9,630,000
<b>Net assets value – per unit</b>		<b>10.7701</b>	<b>10.7742</b>
Contingencies and commitments	(10)		

The Accompanying Notes from (1) to (16) Constitute an Integral Part of  
 These Interim Condensed Financial Statements

MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Interim Condensed Statement of Comprehensive Income  
 For the Period from 01 January 2021 to 18 March 2021 (Unaudited)

**Exhibit B**

	For the period from 01 January 2021 to 18 March 2021	Six months ended 30 June 2020
	SR.	SR.
<b><u>Income</u></b>		
Incremental receivable from Government authority	--	21,605,509
Liability written back	--	609,901
<b><u>Expenses</u></b>		
Other expenses	(38,750)	(1,512,913)
Receivable written-off	--	(28,526,836)
Facility fee	--	(622,192)
<b>Total expenses</b>	<b>(38,750)</b>	<b>(30,661,941)</b>
<b>(Loss) for the period</b>	<b>(38,750)</b>	<b>(8,446,531)</b>
Other comprehensive income for the period	--	--
<b>Comprehensive (loss) for the period</b>	<b>(38,750)</b>	<b>(8,446,531)</b>

The Accompanying Notes from (1) to (16) Constitute an Integral Part of  
 These Interim Condensed Financial Statements

MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Interim Condensed Statement of Changes in Equity  
 For the Period from 01 January 2021 to 18 March 2021 (Unaudited)

Exhibit C

	<b>18 March 2021</b>	30 June 2020
	<b>SR.</b>	SR.
Net assets value at 1 January	<b>103,755,143</b>	111,627,007
<b>Comprehensive (loss) for the period</b>	<b>(38,750)</b>	(8,446,531)
<b>Net assets value as ended period</b>	<b>103,716,393</b>	103,180,476

**Transactions with Unitholders**

There were no transactions with unitholders during the current and prior period.

	<b>18 March 2021 Units</b>	30 June 2020 Units
	<b>SR.</b>	SR.
<b>Units on 1 January / ended period</b>	<b>9,630,000</b>	9,630,000

**The Accompanying Notes from (1) to (16) Constitute an Integral Part of  
 These Interim Condensed Financial Statements**

MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Interim Condensed Statement of Cash Flows  
 For the Period from 01 January 2021 to 18 March 2021 (Unaudited)

Exhibit D

	For the period from 01 January 2021 to 18 March 2021	Six months ended 30 June 2020
	SR.	SR.
<b>Cash Flow from Operating Activities</b>		
(Loss) for the period	(38,750)	(8,446,531)
<b>Adjustments to non-cash expense items:</b>		
Incremental receivable from Government authority	--	(21,605,509)
Liability written back	--	(609,901)
Receivable written-off	--	28,526,836
	<u>(38,750)</u>	<u>(2,135,105)</u>
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable from a government agency	116,605,509	--
Receivable and other credit balances	(695,786)	1,491,913
Management fee payable and accrued facility fee	--	622,192
<b>Net cash from / (used in) operating activities</b>	<u>115,870,973</u>	<u>(21,000)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>115,870,973</b>	<b>(21,000)</b>
Cash and cash equivalents at Beginning of the period	<u>566,737</u>	<u>622,726</u>
<b>Cash and Cash equivalents at for the period – Exhibit A</b>	<u><b>116,437,710</b></u>	<u><b>601,726</b></u>

The Accompanying Notes from (1) to (16) Constitute an Integral Part of  
 These Interim Condensed Financial Statements

**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the Interim Condensed Financial Statements**  
**For the Period from 01 January 2021 to 18 March 2021 (Unaudited)**

---

**1- Formation and Nature of Business:**

- a) **MEFIC Real Estate Income Fund** (the “Fund”) is a closed-ended real estate fund established and managed through an agreement between Middle East Financial Investment Company (the “Fund Manager” or “MEFIC”) and the Fund’s Investors (the “Unitholders”).

The objective of the Fund is to purchase residential and commercial real estate in the Kingdom of Saudi Arabia on a condition that it is rented in advance with a known annual return, or purchase the right to benefit from it and achieve stable returns for investors of around 8% annually, and distributing a significant portion of it on a yearly basis over the term of the Fund.

The Fund commenced its operations on 18 March 2012 for a term of 4 years starting from the subscription date on 18 February 2012. The approval from Capital Market Authority (“CMA”) for the establishment of the Fund was granted in its letter number 4514/5 dated Ramadan 24, 1432 H (corresponding to 24 August 2011). The contractual tenure of the fund was extended for a fifth consecutive year up to 18 March 2021. The revised terms and conditions of the Fund were announced on 17 January 2020.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. Furthermore, Unitholders are beneficial owners of the assets of the Fund and any income distribution is made in proportion to their unitholdings in the Fund.

A novel strain of coronavirus (Covid-19) was first identified at the end of December 2019 and subsequently declared as a pandemic in March 2020 by the World Health Organization (WHO). Covid19 continues to spread in some regions around the World, including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities and hence a slowdown of economic activities and shutdown of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Fund’s business, operations, and financial results is uncertain and depends on many factors and future developments, that the Fund may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity.

As of the date of the issuance of the interim condensed financial statements for the six months ended 30 June 2021, management does not believe that the Covid-19 outbreak significantly affects the Fund’s operations. The Fund’s manager will continue to evaluate the nature and extent of the impact on its business and financial results.

- b) **Middle East Financial Investment Company announces the end of the term of the MEFIC Real Estate Income Fund and the term of its liquidation:**

The Middle East Financial Investment Company announced the termination of the MEFIC real estate income fund on 18 March 2021, and the fund will be liquidated and the investment amounts will be distributed to unitholders upon the end of all legal obligations related to the fund.

Accordingly, these interim condensed financial statements have been prepared for the period from 01 January 2021 to 18 March 2021.

**Regulatory Authority:**

The Fund is governed by the Investment Funds Regulations (“the Regulations”) issued by CMA as amended up to 19 Jumada II 1437 (corresponding to 15 July 2006 G) detailing requirements for investment funds operating in the Kingdom of Saudi Arabia.

**2- Basis of Preparation:**

**2/1 Statement of compliance:**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard - 34 “Interim Financial Reporting” as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Certified (“SOCPA”) as well as the requirements of the Investment Funds Regulations as published by CMA and the Fund’s terms and conditions, so far as they relate to the preparation and presentation of the financial statements.

These Interim condensed financial statements are unaudited. The disclosures made in these interim condensed financial statements have been limited in accordance with the requirements of “International Accounting Standard - 34 “Interim Financial Reporting”. This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Fund for the year ended 31 December 2020.



**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the Interim Condensed Financial Statements**  
**For the Period from 01 January 2021 to 18 March 2021 (Unaudited)**

---

The comparative statement of financial position presented in this interim condensed financial statements has been extracted from the annual audited financial statements of the Fund for the year ended 31 December 2020, whereas the comparative interim condensed statement of comprehensive income, interim condensed statement of changes in net assets attributable to unitholders, and interim condensed statement of cash flows are extracted from the unaudited interim condensed financial statements of the Fund for the six months period ended 30 June 2020.

**2/2 Basis of measurement and going concern assumption:**

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting and the going concern concept. The contractual term of the Fund will be ending on 18 March 2021, in the opinion of the management, the break up basis and the going concern basis will produce the same results for these financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

The Fund's interim statement of financial position is not presented using a current / non-current classification. All balances of the Fund would generally be classified as current.

**2/3 Functional and presentation currency:**

These interim condensed financial statements have been presented in Saudi Riyals (SR), which is the functional currency of the Fund. All financial information has been rounded to the nearest Saudi Riyal.

**2/4 Financial year:**

The financial year of the Fund commences on 1 January and ends on 31 December of each calendar year.

**3- Significant Accounting Policies:**

The accounting policies and the methods of computation adopted in the preparation of this Interim condensed financial statements are the same as those applied in the preparation of audited annual financial statements of the Fund for the year ended 31 December 2020.

The fund has adopted the new standards and amendments to the standards in effect as of 01 January 2021, and there was no significant impact on these interim condensed financial statements as a result of the application of these standards, also the fund has not early applied any amendments issued and not yet effective.

**4- Critical Accounting Estimates and Judgements:**

The preparation of this interim condensed financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this interim condensed financial statements, the significant judgements made by the management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements of the Fund for the year ended 31 December 2020.

**5- Management and Other Fees:**

The Fund Manager charges the following fees as per the terms and conditions of the Fund:

Subscription fee

The Fund Manager charges each investor with a subscription fee of a percentage not exceeding 1.25% of the subscribed amount.

Management fee

The Fund Manager charges the Fund, a management fee at the rate of 2% (30 June 2020: 2%) per annum payable quarterly of the net assets value of the Fund at each valuation day. No management fee was charged to Fund by Fund manager.

Other expenses

The Fund Manager also recovers certain expenses incurred on behalf of the Fund within limits mentioned in the terms and conditions of the Fund.

MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Notes to the Interim Condensed Financial Statements  
 For the Period from 01 January 2021 to 18 March 2021 (Unaudited)

6- **Cash at Bank - Current Account:**

This item represents the cash balance with banks as on 18 March 2021G.

7- **Transactions and Balances with Related Parties:**

Related parties of the Fund include Unitholders, the Fund Manager and its related entities. 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 terms under formal agreement.

	Nature of relationship	18 March 2021 SR.	30 June 2020 SR.
Middle East Financial Investment Company (the Fund Manager)	Board fee	15,000	30,000
	Shariah Board fee	--	(17,500)
	Facility fees	--	622,192

The transactions resulted in following balances with related parties at reporting date:

	Nature of relationship	18 March 2021 SR.	31 December 2020 SR.
Sons of Abdullah Mohammed Al Blihed Company (the Unitholder)	Dividends payable	(1,610,000)	(1,610,000)
Middle East Financial Investment Company (the Fund Manager)	Administration fess payable	(3,926,906)	(3,926,906)
	Finance payable	(6,000,000)	(6,000,000)
Board of Directors	Board fee due	(277,500)	(262,500)
	Shariah Board fee	(105,000)	(105,000)

Receivable from a Government authority/Receivable under deferred sale agreement:

On 18 March 2012, the Fund entered into the following three agreements with Sons of Abdullah Mohammed Al Blihed Company (the Unitholder) of a residential compound in Riyadh (the "Compound"):

- 1- Agreement to purchase the Compound at a price of SR 95,000,000. The Fund obtained the legal title of the Compound initially in the name of the Managing Director of the Fund Manager, which was transferred to Jeser Real Estate Development Company ("the Custodian"), a subsidiary of the Fund Manager, in its capacity of a custodian of the title on behalf of the Fund. The Custodian, through a letter, has assigned the legal title to the Fund Manager;
- 2- Agreement to sell the Compound back to the Sons of Abdullah Mohammed Al Blihed Company (the Unitholder) after completion of 5 years at the price of SR 95,000,000; and
- 3- Agreement to lease back the Compound to the Owner at an annual (Hijri year) income of SR 9,500,000.

Based on above terms, the assets purchased under the agreement to resell at a future specified date are not recognized in the statement of financial position. Considering the substance of the transaction, the Fund is not exposed to substantial risks and rewards of the underlying property hence the arrangement does not qualify for classification as either a finance lease or an operating lease of the property. The arrangement is treated as a financing arrangement with deferred settlement date for the principal amount.

In 2018, the Government of the Kingdom of Saudi Arabia launched a project in the historical city of Deraiayah where the above mentioned property is located. Subsequently, the above mentioned property was taken over by Deraiayah Gate, a Government authority.

Accordingly, during 2019, the Fund has derecognized the receivable from Sons of Abdullah Mohammed Al Blihed Company, a related party, of SR 95,000,000 and recognized a receivable from a Government authority in the same nominal amount.

In 2020, the Fund received appraisal letter from Government authority determining the proceeds to be received in respect of the land taken over and accordingly, increased the amount receivable in this regard based on real estate appraisal by an amount of SR 21.6 million.

**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the Interim Condensed Financial Statements**  
**For the Period from 01 January 2021 to 18 March 2021 (Unaudited)**

In prior years, Sons of Abdullah Mohammed Al Blihed Company (a Unitholder) defaulted in payment of outstanding income of SR 28,526,836 on the SR 95,000,000 receivable and filed a case against the Fund Manager leveling certain charges relating to that income. Subsequently, the Fund Manager filed a case against Sons of Abdullah Mohammed Al Blihed Company for the outstanding amount of SR 28,526,836. The court's verdict was in favor of the Fund and was considered final and therefore the case was submitted to the Court of Enforcement for execution. In 2020, the counterparty filed for bankruptcy and the Fund's management, after consulting their legal counsel, has written off the entire balance effective 30 June 2020 and also has written back the deposit payable balance SR.609,901.

**Related party financing**

The Fund has outstanding financing of SR 6,000,000 (31 December 2020: SR 6,000,000) from Middle East Financial Investment Company (the Fund Manager). This financing carries no commission and has no definite terms of repayment.

**8- Units Owned by Related Parties:**

Includes the units issued as the date of the report from units with related parties as follows:

	<b>18 March 2021</b>	<b>31 December 2020</b>
	<b>SR.</b>	<b>SR.</b>
Higher Education Fund	<b>36.34%</b>	36.34%
Sons of Abdullah Mohammed Al Blihed Company	<b>23.88%</b>	23.88%
Abdulaziz Abdulrahman Abdullah Al Mudimigh	<b>18.69%</b>	18.69%
DPM managed by MEFIC	<b>8.31%</b>	8.31%
Fahad Nasser Fhaid Al Dosari	<b>7.27%</b>	7.27%
Jeser Real Estate Development Company	<b>0.62%</b>	0.62%
Ibrahim Abdullah Rashid Al Hedaithy	<b>0.16%</b>	0.16%

No. of units owned by unitholders and their respective holdings in Fund remain unchanged during the current and prior year reported.

As per Real Estate Investment Funds Regulations all unitholders having a unit holding of more than 5% and their affiliates are treated as related parties.

**9- Other Expenses Payable and Accruals:**

The details of this item are as follows:

	<b>18 March 2021</b>	<b>31 December 2020</b>
	<b>SR.</b>	<b>SR.</b>
Shariah Board fees	<b>105,000</b>	105,000
Board of directors fees	<b>277,500</b>	262,500
Legal fees accrual	<b>715,713</b>	1,444,500
Others	<b>86,198</b>	68,197
<b>Total</b>	<b><u>1,184,411</u></b>	<u>1,880,197</u>

**10- Contingencies and Commitments**

There were no other material contingencies or commitments at the reporting date.

MEFIC Real Estate Income Fund  
 Managed by Middle East Financial Investment Company  
 Riyadh - Kingdom of Saudi Arabia  
 Notes to the Interim Condensed Financial Statements  
 For the Period from 01 January 2021 to 18 March 2021 (Unaudited)

11- **Maturity Analysis of Assets and Liabilities:**

	Carrying	On demand or less than 6 months	From 6 moths to 12 months	More than a year
	SR.	SR.	SR.	SR.
Due to a related party	6,000,000	6,000,000	--	--
Management fee payable	3,926,906	3,926,906	--	--
Dividend payable	1,610,000	1,610,000	--	--
Receivables and other credit balances	1,184,411	1,184,411	--	--
<b>As at 31 December 2021</b>	<b>12,721,317</b>	<b>12,721,317</b>	<b>--</b>	<b>--</b>
Due to related parties	6,000,000	6,000,000	--	--
Management fee payable	3,926,906	3,926,906	--	--
Dividend payable	1,610,000	1,610,000	--	--
Other expenses payable and accruals	1,880,197	1,880,197	--	--
<b>As at 31 December 2020</b>	<b>13,417,103</b>	<b>13,417,103</b>	<b>--</b>	<b>--</b>

12- **Dividend:**

Term & conditions ("T&Cs") of the Fund state a goal of payment of 8% in respect of dividend every year. The Fund Board has not declared any dividend for the current year (2020: nil).

13- **Financial Risk Management:**

The Fund's activities expose it to a variety of financial risks namely; credit risk, liquidity risk and market risk (including commission rate risk, currency risk and price risk). The Fund's overall risk management policies focuses on the predictability of financial market and seeks to minimize potential adverse effect on the Fund's financial performance. Overall, risks arising from the Fund's financial assets and liabilities are limited. The Fund Manager consistently manages its exposure to financial risk in the manner describe in notes below.

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

The principal or the most advantageous market must be accessible by the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Underlying the definition of fair value is the presumption that the Fund is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**MEFIC Real Estate Income Fund**  
**Managed by Middle East Financial Investment Company**  
**Riyadh - Kingdom of Saudi Arabia**  
**Notes to the Interim Condensed Financial Statements**  
**For the Period from 01 January 2021 to 18 March 2021 (Unaudited)**

---

Currently, there are no financial assets at fair value. The Fund's financial assets consist of bank balance and receivable from a Government Authority. Its financial liabilities consist of accrued expenses and other liabilities. There was no other material Level 1, 2 or 3 asset or liability during the current and prior year reported.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

**Transfers between fair value hierarchies:**

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. However, there were no transfers between fair value hierarchies during the current or any of the prior years reported.

**14- Approval of Interim Condensed Financial Statements:**

These interim condensed financial statements were approved by the Fund Board on 09 Muharram 1443H, corresponding to 17 August 2021G.

**15- Last Valuation Day:**

The last valuation date of the period was 18 March 2021.

**16- General:**

The figures in the financial statements are rounded to the nearest Saudi Riyal.