

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia

Financial Statements for the Period
From 01 January 2021 to 10 December 2021
And Independent Auditor's Report

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

Index

	Page	Exhibit
Independent auditor's report	1	--
Statement of financial position as of 10 December 2021	2	A
Statement of comprehensive income for the period from 01 January 2021 to 10 December 2021	3	B
Statement of changes in net assets attributable to Unitholders for the period from 01 January 2021 to 10 December 2021	4	C
Statement of cash flows for the period from 01 January 2021 to 10 December 2021	5	D
Notes to financial statements for the period from 01 January 2021 to 10 December 2021	6-12	--



Independent Auditor's Report

The Unit Holders
MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion:

We have audited the financial statements of MEFIC Real Estate Income Fund ("the Fund") which comprise the statement of financial position as at 10 December 2021 and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the period from 01 January 2021 to 10 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 10 December 2021, and its financial performance and its cash flows for the period from 01 January 2021 to 10 December 2021 in accordance with the Financial Reporting Standard on Liquidation Basis as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (SOCPA).

Basis for Opinion:

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fund Continuity:

We draw attention to note (1) to the accompanying financial statements, which states that the Fund's term has expired on 18 March 2021 G, and with the expiration of the Fund's term, the Fund's Board of Directors decided on 5 Jumada Al-Awwal 1443H. corresponding to 9 December 2021 G. to liquidate the fund and to distribute the net assets after deducting any distributions or liabilities. Therefore, these financial statements are the final financial statements to be issued for the fund. Accordingly, the going concern assumption is no longer applicable to the fund, and in the opinion of the management, the liquidation basis is the appropriate basis for preparing these financial statements. Accordingly, the financial assets and liabilities have been included in the financial statements at their monetary value.

Emphasis of Matter:

We draw attention to note (1/b) to the accompanying financial statements, that the fund's operational period ended on 18 March 2021, and the fund's liquidation period lasted from 9 March 2021 to 9 December 2021. The liquidation was completed and all cash and obligations were transferred to the investors on 10 December 2021 G.

Responsibilities of Management and Those Charged with Governance for the Financial Statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Financial Reporting Standard on Liquidation basis as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (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 these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the unit holders of MEFIC Real Estate Income Fund (liquidated) for the period from 01 January 2021 to 10 December 2021 (continued):

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (The Funds board of directors) are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter:

The financial statements 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 G.

For Talal Abu-Ghazaleh & Co.

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



05 Rajab 1443 H.
06 February 2022 G.



MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Statement of Financial Position
As of 10 December 2021

Exhibit A

	<u>Note</u>	<u>10 December 2020</u>	<u>For the year ended 31 December 2020</u>
		SR.	SR.
Assets			
Cash at bank - current account	(4)	--	566,737
Receivable from Governmental authority		--	116,605,509
Total Assets		<u> --</u>	<u>117,172,246</u>
Liabilities			
Due to a related party	(5)	--	6,000,000
Management fee payable	(5)	--	3,926,906
Dividend payable	(5)	--	1,610,000
Other payables and accruals	(7)	--	1,880,197
Total Liabilities		<u> --</u>	<u>13,417,103</u>
Net assets attributable to the Unitholders		--	103,755,143
Units in issue – (numbers)		<u> --</u>	<u>9,630,000</u>
Net assets value – per unit		<u> --</u>	<u>10.7742</u>
Contingencies and commitments	(8)		

**The Accompanying Notes from (1) to (12) Constitute an Integral Part of
These Financial Statements**

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Statement of Comprehensive Income
For the Period from 01 January 2021 to 10 December 2021

Exhibit B

	For the period from 01 January 2021 to 10 December 2021	For the year ended 31 December 2020
	SR.	SR.
<u>Income</u>		
Incremental receivable from Government authority	--	21,605,509
Obligations written-off revenue	--	609,901
<u>Expenses</u>		
Other expenses	(38,750)	(1,560,438)
Receivable written-off	--	(28,526,836)
Total expenses	(38,750)	(30,087,274)
(Loss) for the period / year	(38,750)	(7,871,864)
Other comprehensive income for the period / year	--	--
Comprehensive (loss) for the period / year	(38,750)	(7,871,864)

**The Accompanying Notes from (1) to (12) Constitute an Integral Part of
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MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Statement of Changes in Equity
For the Period from 01 January 2021 to 10 December 2021

Exhibit C

	For the period from 01 January 2021 to 10 December 2021	For the year ended 31 December 2020
	SR.	SR.
Net assets value at 1 January	103,755,143	111,627,007
Comprehensive (loss) for the period - Exhibit B	(38,750)	(7871,864)
Distribution to unit holders	(103,716,393)	--
Net assets value as of end of the period / year	<u>--</u>	<u>103,755,143</u>

Transactions with Unitholders

	For the Period from 01 January 2021 to 10 December 2021	For the year ended 31 December 2020
	Units	Units
Units as of the beginning of the period/year	9,630,000	9,630,000
Redemption of units	(9,630,000)	--
Units at the end of the period/year	<u>--</u>	<u>9,630,000</u>

**The Accompanying Notes from (1) to (12) Constitute an Integral Part of
These Financial Statements**

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Statement of Cash Flows
For the Period from 01 January 2021 to 10 December 2021

Exhibit D

	For the period from 01 January 2021 to 10 December 2021	For the year ended 31 December 2020
	SR.	SR.
Cash Flow from Operating Activities (Loss) for the period / year	(38,750)	(7,871,864)
Adjustments to non-cash expense items:		
Increase from Governmental authority	--	(21,605,509)
Liability written-off	--	(609,901)
Receivable written-off	--	28,526,836
	(38,750)	(1,560,438)
Changes in operating assets and liabilities:		
Accounts receivable from Governmental authority	116,605,509	--
Due to related party	(6,000,000)	--
management fee payable	(3,926,906)	--
Dividends due	(1,610,000)	--
Payables and other accruals	(1,880,197)	1,504,449
Distribution to unit holders	(103,716,393)	--
Net cash (used in) operating activities	(566,737)	(55,989)
Net (decrease) in cash and cash equivalents	(566,737)	(55,989)
Cash and cash equivalents at Beginning of the period / year	566,737	622,726
Cash and Cash equivalents at for the period – Exhibit A	--	566,737

**The Accompanying Notes from (1) to (12) Constitute an Integral Part of
These Financial Statements**

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 activities on 18 March 2012 for a term of 4 years starting from the date of subscription on 18 February 2012 G. The approval from capital market authority No. 4514/5 was obtained on 24 Ramadan 1432 H (corresponding to 24 August 2011 G). The term of the fund was extended for the fourth year until 18 March 2021, and the liquidation period of the fund lasted from 19 March 2021 to 9 December 2021, and all cash and obligations were transferred to the investors on 10 December 2021 G.

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.

- b) **Middle East Financial Investment Company announces the Liquidation of the MEFIC Real Estate Income:**

The Middle East Financial Investment Company announced the approval of the fund's board of directors, and after meeting with the unit holders, the complete exit from the fund. Thus, the fund manager has fully completed the liquidation of the Fund's assets and liabilities on 9 December 2021 and completed the distribution of the proceeds to the unit holders by 10 December 2021 with a return rate of 46.5%.

The fund’s operational period ended on March 18, 2021, and the fund’s liquidation period lasted from 9 March 2021 to 9 December 2021. The liquidation was completed and all cash and obligations were transferred to the investors on 10 December 2021 G.

Regulatory Authority:

The Fund is governed by the Investment Funds Regulations (“the Regulations”) issued by CMA as amended up to 19 Jumada II 1427 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 financial statements have been prepared in accordance with The Financial Reporting Standard on Liquidation Basis (note 1/b) , accordingly the fund’s assets and liabilities have been measured at their liquidated monetary values; however, the comparative figures were prepared in accordance with International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Chartered and Professional Accountants (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 these financial statements.

2/2 Basis of measurement and going concern assumption:

The contractual term of the Fund expires on December 9, 2021. In the opinion of the management, the liquidation basis is appropriate for the preparation of these financial statements for the period from 01 January 2021 to 10 December 2021.

Accordingly the financial statements have been prepared on the basis of liquidation as follows:

- Measuring the Fund's assets by the amount of cash, or compensation, expected to be collected upon disposal of those assets.
- Measuring obligations by the contractual amount due to settle those obligations.
- Recognition of other assets that have not been recognized under the financial reporting framework under the going concern concept, provided a reliable estimate of their values can be made and it is expected to sell the assets during the liquidation or utilize them to settle liabilities.

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

- Recognition of accruals for the expected costs to dispose of the related assets or presenting those costs in aggregate separately from the assets, provided they can be estimated reliably and the underlying assumptions for the estimates are achievable.
- Recognition of accruals for costs and items of income expected to be incurred or earned until the end of the liquidation, when they can be estimated reliably and when the underlying assumptions for the estimates are achievable.

The Fund's 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 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.

3- Significant Accounting Policies:

The Fund adopted the basis of preparation and measurement mentioned above in preparing the financial statements for the current period; however the policies applied in preparing the comparative figures were as follows:

a) Cash and cash equivalents:

Cash and cash equivalents comprise of cash in hand, cash at banks and other short-term highly liquid investments with original maturities of three months or less, which are available to the Fund without any restriction.

b) Fund management fee and other expenses:

Fund management fee and other expenses are measured and recognized as a period cost at the time when they are incurred.

c) Provisions:

Provisions are recognized whenever there is present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

d) Zakat and Income Tax:

Zakat and Income Tax are the obligation of the Unitholders and have not been provided for in these financial statements.

e) Net asset value:

The net assets value per unit disclosed in the statement of financial position is calculated by dividing the net assets of the Fund by the number of units in issue at the period-end.

f) Financial instruments:

Financial instruments are recognized when the Fund becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Fund determines the classification of its financial assets at initial recognition. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Classification

The financial assets are classified in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- b) Those to be measured at amortized cost.
For assets measured at fair value, gains and losses will be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the profit or loss as incurred.

Debt Instrument:

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies debt instruments at amortized cost based on the below:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows; and
 - b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and commission on the principal outstanding.
- Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective commission rate ("ECR").

Equity Instrument:

If the Fund elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognized in the profit or loss as other income when the Fund's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognized in other gain/ (losses) in the profit or loss and other comprehensive income as applicable.

Derecognition of Financial Assets:

The Fund derecognises financial assets when the contractual rights to cash flows from these assets expire, or when the financial assets and all the risks and rewards of ownership are transferred to another party. If the Fund does not transfer or retain substantially all the risks and rewards of significant ownership and continues to control the transferred assets, it recognizes its retained interest in the related financial assets and liabilities for the amounts it must pay. If the Fund retains substantially all the risks and rewards of ownership of the transferred assets, it continues to recognize the financial assets and also recognizes the financing pledged for the proceeds received.

Impairment of financial assets:

The Fund applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure that are debt instruments and are measured at amortized cost e.g., loans, deposits, trade receivables. An expected credit loss is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the Fund expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Fund expects to receive the payment in full but later than when contractually due. The expected credit loss method requires assessing credit risk, default and timing of collection since initial recognition. This requires recognizing allowance for expected credit losses in the profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

The Fund uses the practical expedient in IFRS 9 for measuring expected credit losses for receivables using a provision matrix based on ageing of receivables. The Fund uses historical loss experience and derived loss rates based on the past twelve months and adjust the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

Financial liabilities

The Fund determines the classification of its financial liabilities at initial recognition.

Classification:

The financial liabilities are classified in the following measurement categories:

- a) Those to be measured as financial liabilities at fair value through profit or loss,
- b) Those to be measured at amortized cost

Measurement:

All financial liabilities are recognized initially at fair value. Financial liabilities accounted at amortized cost like loans and financings are accounted at the fair value determined based on the effective commission rate method ("ECR") after considering the directly attributable transaction costs.

The effective commission rate ("ECR") method is a method of calculating the amortized cost of a debt instrument and of allocating commission charge over the relevant effective commission rate period. The effective commission rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective commission rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to financings, trade payables etc.

The Fund's financial liabilities include trade payables and loans and financings. Subsequently, the Fund classifies all financial liabilities at amortized cost, except for financial liabilities at fair value through profit or loss which are measured at fair value.

Derecognition of financial liabilities:

Financial liabilities are derecognized when the obligation specified in the contract is satisfied or expires. When replacing an existing financial liability with another from the same lender on different terms, or substantially modifying the terms of existing liabilities, such exchange or modification is treated as derecognition of the original liability and the new liability is recognized, and the difference in the carrying value of each of them is recognized in the statement of other comprehensive income. .

Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

Revenue recognition

Income on financial assets at amortized cost is calculated using the effective commission rate method and is recognized in the statement of comprehensive income. Income is calculated by applying the effective commission rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset i.e. after deduction of the loss allowance.

Critical accounting estimates and judgment

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. 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. Significant estimates and judgments used in impairment of financial assets are explained in relevant policy of financial instruments.

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.

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
Kingdom of Saudi Arabia
Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

Management fee:

The Fund Manager charges the Fund, a management fee at the rate of 2% (31 December 2019: 2%) per annum payable quarterly of the net assets value of the Fund at each valuation day. The fund manager has forfeited his right to management fee for the years 2019, 2020 and 2021.

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.

4- Cash at Bank - Current Account:

This item represents the cash balance with banks as on 10 December 2021G.

5- 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.

	Balance at the beginning of the period	Dr. Transactions	Cr. Transactions	Balance as of 10 December 2021
			SR.	SR.
Middle East Financial Investment Company (the Fund Manager)	3,926,906	4,118,104	191,108	--
Sons of Abdullah Mohammed Al Blihed holding (unit holder)	6,000,000	6,000,000	--	--
Board of Directors	1,610,000	1,610,000	--	--
Sharia Committee fees	262,500	262,500	--	--
	105,000	105,000	--	--

The major transaction during the period were as follows:

	Nature of Transactions	10 December 2021	31 December 2020	
		SR.	SR.	
Middle East Financial Investment Company (the Fund Manager)	Expenses and Fees Settlement	(4,118,104)	3,926,906	
	Financing settlements	(6,000,000)	6,000,000	
	Real estate evaluator Settlement	(9,750)	9,750	
	Audit fees settlement	(42,575)	42,575	
	Closing Sharia Committee reward	(105,000)	105,000	
	Closing CMA fees	(3,750)	3,750	
	Closing Tadawol publishing fees	(6,375)	6,375	
	Closing VAT	(23,748)	23,748	
	Sons of Abdullah Mohammed Al Blihed Company (Unit holder)	Dividends Distribution settlement	(1,610,000)	1,610,000
	Board of Directors	Settlement of Board of directors fees	(262,500)	262,500
Unit holders	Distribution	103,716,393	--	

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Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

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

On 31 December 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 Deraiyah where the above mentioned property is located. Subsequently, the above mentioned property was taken over by Deraiyah 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.

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 had 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 carried no commission and has been settled on 04/11/2021G.

6- Units Owned by Related Parties:

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

	10 December 2021	31 December 2020
	SR.	SR.
Higher Education Fund	36.34%	36.34%
Sons of Abdullah Mohammed Al Blihed Company	23.88%	23.88%
Abdulaziz Abdulrahman Abdullah Al Mudimigh	18.69%	18.69%
DPM managed by MEFIC	8.31%	8.31%
Fahad Nasser Fhaid Al Dosari	7.27%	7.27%
Jeser Real Estate Development Company	0.623%	0.623%
Ibrahim Abdullah Rashid Al Hedaithy	0,1557%	0,1557%

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

MEFIC Real Estate Income Fund (Liquidated)
Managed by Middle East Financial Investment Company
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Notes to the Financial Statements
For the Period from 01 January 2021 to 10 December 2021

7- Payables and Other Accruals:

The details of this item are as follows:

	10 December 2021	31 December 2020
	SR.	SR.
Shariah Board fees	--	105,000
Board Fees	--	262,500
Legal fees accrual*	--	1,444,500
Others	--	68,197
Total	--	1,880,197

8- Contingencies and Commitments

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

9- Maturity Analysis of Assets and Liabilities:

	Monetary Value as of 10 December 2021	As of 31 December 2020
	SR.	SR.
Cash with banks - Current	--	566,737
Governmental receivables	--	116,605,509
Total Assets	--	117,172,246
Settlement of Unit Holders		
Due to related parties	--	6,000,000
Management fee payable	--	3,926,906
Dividend payable	--	1,610,000
Other expenses payable and accruals	--	1,880,197
Total Liabilities	--	13,417,103
Net Assets Attributable to unit Holders	--	13,755,143

10- Approval of Financial Statements:

These financial statements were approved by the Fund's Board on 02 Rajab 1443H. Corresponding to 03 February 2022G.

11- Last Valuation Day:

The last valuation date of the period was 10 December 2021.

12- General:

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