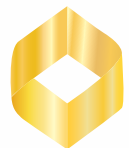


# DOLMEN CITY REIT

A SHARIAH COMPLIANT, LISTED,  
CLOSED END RENTAL REIT SCHEME  
QUARTERLY REPORT SEPTEMBER 30, 2015

INVESTING IN SUCCESS

(REAL ESTATE INVESTMENT TRUST)



ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED



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# Management Company's Statements

## Vision

To be a knowledge based Real Estate Investment Company which adheres to the highest standards of Integrity, Professionalism and Quality to generate sustainable returns for all stakeholders.

## Mission

To built upon our competitive advantage of being the first REIT management company of Pakistan by providing customer-centric full scale real estate investment related solutions to a select group of clientele.

To endeavor that our solutions not only contribute to the financial bottom-line for our customers but also help them create a distinctive comparative advantage.

## Values

Responsibility  
Energy  
Integrity  
Teamwork



# Scheme's Information

<b>Management Company</b>	Arif Habib Dolmen REIT Management Limited Arif Habib Centre, 23 M.T. Khan Road, Karachi.	
<b>Board of Directors</b>	Mr. Nasim Beg Mr. Muhammad Ejaz Mr. Nadeem Riaz Mr. Assadullah Khawaja Syed Yawar Abbas Jilani Mr. Abdus Samad A. Habib Mr. Qamar Hussain	Chairman Chief Executive Officer Director Director Director Director Director
<b>Audit Committee</b>	Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Assadullah Khawaja	Chairman Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Nadeem Riaz Mr. Abdus Samad A. Habib Mr. Muhammad Ejaz	Chairman Member Member
<b>Company Secretary &amp; Chief Financial Officer</b>	Mr. Zia ur Rahim Khan	
<b>Trustee/Share Registrar</b>	<b>Central Depository Company of Pakistan Limited</b> CDC House, 99-B, SMCHS Main Shahrah-e-Faisal, Karachi.	
<b>Bankers</b>	Askari Bank Limited Faisal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Muslim Commercial Bank Limited	
<b>External Auditors</b>	<b>KPMG Taseer Hadi &amp; Co</b> Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
<b>Internal Auditors</b>	<b>Junaidy Shoaib Asad &amp; Co.</b> Chartered Accountants 1/6-P, P.E.C.H.S., Mohtrama Laeeq Begum Road, Off Shahrah-e-Faisal, Karachi	
<b>Legal Advisors</b>	<b>Mohsin Tayabaly &amp; Co</b> Advocate & Corporate Legal Consultants 1 <sup>st</sup> Floor, Dime Centre, BC-4 Block 9, Kehkashan, Clifton, Karachi.	
<b>Property Manager</b>	<b>Dolmen Real Estate Management Limited</b>	
<b>Property Valuer</b>	<b>National Engineering Services Pakistan (Pvt.) Ltd</b> "NESPAC"	
<b>Shariah Advisor</b>	<b>Mufti Muhammad Ibrahim Easa</b>	
<b>Rating Agency</b>	<b>JCR-VIS</b> Credit Rating Co. Ltd. VIS House, 128/C, 25 <sup>th</sup> Lane Off Khayaban-e-Ittehad, Phase VII, DHA, Karachi	
<b>Rating</b>	RMC Rating AM2- (RMC) REIT Rating RR1	
<b>Registered Office</b>	<b>Dolmen City REIT Scheme</b> Arif Habib Centre, 23 M.T. Khan Road, Karachi.	



# Directors' Report

## Dear Unit holders of Dolmen City REIT

On behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited, I am pleased to present the Quarterly Report of the Scheme for the period ended September 30, 2015.

### Operational Performance during the quarter in review (July-September'2015)

During the quarter ended on September'2015, DCR booked gross rental revenue of PKR 593.403 Million and ancillary income of PKR 43.936 Million. Operating expenses during June 2015 were PKR 62.512 Million (10.5% of gross rental revenue) and net income was PKR 550.545 Million (approximately 92.7% of gross rental revenue).

During the period in review, there was no significant change in the tenancy profile of DCR. Current occupancy level of DCR is at 95%. Taking a period from June 1st, 2015, the weighted average lease expiry 'WALE' based on the leasable area of Dolmen City Mall (68% of the total area) is around 5 years and of the Harbour Front (32% of the total area) is around 3 years (DCR's current average lease expiry is 4.5 years).

Lease Occupancy	Leasable Area	Leased Area September, 2015	Vacant Area	%
Dolmen Mall Clifton	552,389	511,642	40,747	93%
The Harbour Front	256,844	256,844	-	100%
Total	809,233	768,486	761	95%

Rentals	Rent June 2015 (One Month)	Rent 1st Quarter FY16 (July -September)
Dolmen Mall Clifton	132,537,375	408,678,190
The Harbour Front	61,124,249	184,724,751
Total	193,661,594	593,402,941

Considering Eid-ul-Fitr and Azadi season of 2015, there were significant marketing and branding activities in the Mall during the quarter in review. The Property Manager arranged "Azadi Shopping Weekend" in Dolmen City Mall. Ramadan was an active month for the mall in which the focus was mainly on décor and activations and DCR did exceptionally well in pulling the crowd towards its various Eid festivities in July.

Azadi Shopping Weekend was held from 13th to 16th August 2015 to celebrate Independence Day with quality footfall and providing customers a different in-mall experience. Our main objective was to make the event festive and entertaining so that quality footfall can enjoy and shop more at Dolmen Mall.



The Marketing focus was primarily on the mall décor, internal communication and outdoor media communication. For that purpose SMS marketing, billboards, email marketing, social media and electronic media (for news coverage) was all incorporated in the plan. For customers there were different types of activities and give away for all 4 days.

Around 90 of the outlets participated in the Azadi weekend and offered Up to 70% discounts. Bill boards, meal and shopping vouchers were also given by 8 of our tenants. The foot fall crossed over 123,000 people during the event depicting an increase of more than 31% from last year.

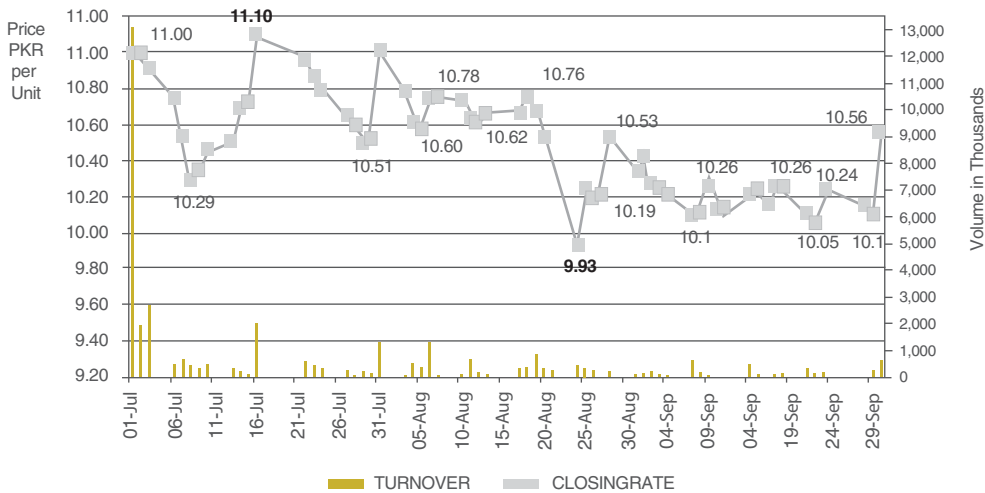
**Azadi Weekend**



**Unit holder’s Return and Stocks Performance**

The net income for the quarter ended on September 2015 of PKR 550.545 Million translates into earnings of PKR 0.25 per Unit. During the quarter, DCR Unit closed at its high of PKR 11.10 and touched low of PKR 9.93 on the Karachi Stock Exchange. Average Unit price closed at PKR 10.49 during this period.

Stock Market Performance of DCR Unit  
July 2015 to September 2015



The Net Asset Value 'NAV' per Unit of DCR is PKR 10.37 at September 30, 2015. DCR on its average Unit price traded at a premium of 1.2% to its NAV during this period.



# Trustee Report to the Unit Holders Dolmen City REIT

## Report of the Trustee pursuant to Regulation 15(1)(xiv) of the Real Estate Investment Trust Regulations, 2015

We Central Depository Company of Pakistan Limited, being the Trustee of Dolmen City REIT (the Fund) are of the opinion that Arif Habib Dolmen REIT Management Limited, being the Management Company of the Fund has in all material respects complied with the requirements of the Real Estate Investment Trust Regulations, 2015 during the period ended September 30, 2015.

-sd-

**Muhammad Hanif Jakhura**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: October 30, 2015





1994,78

4612,00

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**



## Balance Sheet

As at September 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Total non current assets - Investment property	7	22,237,000	22,237,000
<b>Current assets</b>			
Rent receivables		172,736	34,514
Advances, prepayments and other receivables	8	135,777	34,173
Interest accrued		7,527	97
Bank balances	9	1,324,110	912,718
<b>Total current assets</b>		<b>1,640,150</b>	<b>981,502</b>
<b>Total assets</b>		<b>23,877,150</b>	<b>23,218,502</b>
<b>REPRESENTED BY:</b>			
<b>Unit holders' fund</b>			
Issued, subscribed and paid up (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Reserves:			
Premium on issue of units		281,346	281,346
Unappropriated profit		550,545	169,977
<b>Total unit holders' fund</b>		<b>23,068,891</b>	<b>22,688,323</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Formation costs payable to REIT management company	10	219,663	215,087
Security deposits	11	107,058	108,036
<b>Total non-current liabilities</b>		<b>326,721</b>	<b>323,123</b>
<b>Current liabilities</b>			
Payable to REIT management company	12	74,628	58,259
Security deposits	11	53,529	44,543
Accrued expenses and other liabilities	13	353,381	104,254
<b>Total current liabilities</b>		<b>481,538</b>	<b>207,056</b>
<b>Total unit holders' fund and liabilities</b>		<b>23,877,150</b>	<b>23,218,502</b>
<b>Net assets value per unit</b>		<b>(Rupees) 10.37</b>	<b>(Rupees) 10.20</b>

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

## Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter Ended September 30, 2015

	Note	... (Un-audited) ... Quarter ended September 30 2015 (Rupees in '000)
<b>Income</b>		
Rental income		593,403
Marketing income		43,936
		<u>637,339</u>
Administration and operating expenses	14	(62,512)
		<u>574,827</u>
Other income - mark-up on bank deposits		12,814
		<u>587,641</u>
Management fee		(17,633)
Sindh Sales Tax on management fee		(2,468)
Federal Excise Duty on management fee		(2,821)
Trustee fee		(2,938)
Provision for Workers' Welfare Fund		(11,236)
		<u>(37,096)</u>
<b>Profit before taxation</b>		<b>550,545</b>
Taxation	15	-
<b>Profit after taxation</b>		<b>550,545</b>
		<u>550,545</u>
		(Rupees)
<b>Earnings per unit - Basic and diluted</b>		<b>0.25</b>

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

## Condensed Statement of Comprehensive Income (Un-Audited)

For the Quarter Ended September 30, 2015

... (Un-audited) ...  
Quarter ended  
September 30  
2015  
- Rupees in '000-

Profit for the period	550,545
Other comprehensive income	-
Total comprehensive income for the period	550,545

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

# Cash Flow Statement

For the Quarter Ended September 30, 2015

.. (Un-audited) ...  
 Quarter ended  
 September 30,  
 2015  
 -- Rupees in '000--

## CASH FLOWS FROM OPERATING ACTIVITIES

<b>Profit before tax</b>	550,545
Adjustments for:	
Mark-up on bank deposit	(12,814)
	537,731
Increase in current assets	
- Rent receivables	(138,222)
- Advances and other receivables	(18,669)
	20,945
Increase in current liabilities	
- Payable to the REIT management company	8,986
- Security deposits	79,150
- Accrued expenses and other payables	489,921
Cash generated from operations	(82,935)
Taxes paid	-
Formation costs incurred	(978)
Security deposits repaid	406,008
<b>Net cash generated from operations</b>	406,008

## CASH FLOWS FROM INVESTING ACTIVITIES

Mark-up received	5,384
<b>Net cash generated from investing activities</b>	5,384
Net increase in cash and cash equivalents	411,392
Cash and cash equivalents at beginning of the period	912,718
Cash and cash equivalents at end of the period	1,324,110

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

## Statement of Changes in Unit Holders' Fund

For the Quarter Ended September 30, 2015

	Units	Reserves		Sub total	"Unit holders' fund"
		Premium on issue of units	Unappropriated profit		
----- (Rupees in '000) -----					
<b>Transactions with owners</b>					
Balance as on July 01, 2015	22,237,000	281,346	169,977	451,323	22,688,323
Cash dividend for the period ended June 30, 2015 (Rs. 0.08 per share)			(169,977)	(169,977)	(169,977)
Profit for the period	-	-	550,545	550,545	550,545
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	550,545	550,545	550,545
<b>Balance as at September 30, 2015</b>	<b>22,237,000</b>	<b>281,346</b>	<b>550,545</b>	<b>831,891</b>	<b>23,068,891</b>

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

# Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter Ended September 30, 2015

## 1. STATUS AND NATURE OF BUSINESS

- 1.1** Dolmen City REIT (the Scheme) was established under Trust Deed, dated 20 January 2015, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the REIT Regulations 2015, promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (the SECP).

The Trust Deed of the Scheme was registered on 20 January 2015 whereas approval of the registration of the REIT Scheme has been granted by the SECP on 29 May 2015. The Scheme is a Perpetual, Closed-end, Shariah Compliant, Rental REIT. The Scheme is listed on all the stock exchange in Pakistan. The Scheme is rated "RR1" by JCR-VIS Credit Rating Company Limited. The registered office of the REIT Management Company is situated at Arif Habib Center, 23 M.T. Khan Road, Karachi.

- 1.2** The Scheme is the subsidiary of International Complex Projects Limited (the ICPL). As at September 30, 2015, ICPL hold 70percent of units of the Scheme. The Scheme started its commercial activities from 01 June 2015. The date on which the Scheme is entitled to receive rent as agreed with the ICPL.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial report of the company for the quarter ended September 30, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Real Estate Investment Trust Regulations, 2015 (REIT Regulation 2015) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, REIT Regulation 2015 or the directives issued by the SECP shall prevail.

This condensed interim financial report do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Scheme's annual financial statements for the period ended June 30, 2015.

### 2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the period ended June 30, 2015.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Scheme.

## Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter Ended September 30, 2015

### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

"The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

"In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding financial statements of the Scheme as at and for the period ended June 30, 2015.

### 5 RISK MANAGEMENT

The Scheme's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements for the period ended June 30, 2015.

### 6 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2015.

### 7 INVESTMENT PROPERTY

The management considers that there is no significant change in value of investment property from the date of acquisition May 22, 2015 till period ended September 30, 2015. Accordingly, management has decided to carry the investment property at its costs as at September 30, 2015.

### 8 ADVANCES PREPAYMENTS AND OTHER RECEIVABLES

	(Un-audited) September 30 2015	(Audited) June 30, 2015
	----- Rupees in '000 -----	
<b>Unsecured - Considered good</b>		
Receivable from associated companies	18,527	16,797
Prepaid insurance	16,939	-
Advance tax	100,311	17,376
	<u>135,777</u>	<u>34,173</u>

### 9 BANK BALANCES

Deposit accounts	1,324,110	363,550
Current accounts	-	549,168
	<u>1,324,110</u>	<u>912,718</u>



## Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter Ended September 30, 2015

	(Un-audited) September 30 2015	(Audited) June 30, 2015
	----- Rupees in '000-----	
<b>10 FORMATION COSTS PAYABLE TO MANAGEMENT COMPANY - Unsecured - Interest free</b>		
Formation costs	274,579	274,579
Current maturity	<u>(54,916)</u>	<u>(59,492)</u>
	<u>219,663</u>	<u>215,087</u>
<b>11 SECURITY DEPOSITS</b>		
Security deposits from tenants	160,587	152,579
Less: current portion shown under current liabilities	<u>(53,529)</u>	<u>(44,543)</u>
	<u>107,058</u>	<u>108,036</u>
<b>12 PAYABLE TO REIT MANAGEMENT COMPANY</b>		
Management fee payable	24,699	5,300
Sindh Sales Tax	<u>2,468</u>	<u>922</u>
	27,167	6,222
Current portion of formation costs	<u>54,916</u>	<u>59,492</u>
Formation costs incurred by the Scheme on behalf of RMC net of advances received	<u>(7,455)</u>	<u>(7,455)</u>
	47,461	52,037
	<u>74,628</u>	<u>58,259</u>
<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Trustee fee payable	3,845	907
Payable to an associated undertakings	17,875	13,089
Unearned rental income	94,096	78,613
Provision for government levies	48,929	3,634
Provision for Worker's Welfare Fund	14,705	3,469
Dividend payable	169,977	2,917
Federal Excise duty payable	2,821	848
Accrued expenses	1,133	777
	<u>353,381</u>	<u>104,254</u>

## Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter Ended September 30, 2015

### 14 ADMINISTRATIVE AND OPERATING EXPENSES

	... (Un-audited) ... Quarter ended September 30 – Rupees in '000–
Monitoring fee	5,559
Property management fee	39,515
Ancillary Income collection fee	4,779
Professional charges	1,230
Utility expenses	130
Share registrar fee	224
Listing fee	950
Notice and publication expense	198
Insurance expense	8,498
Property tax	1,288
Auditors' remuneration	125
Others	16
	<u>62,512</u>

### 15 TAXATION

The Scheme's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders.

### 16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include Arif Habib Dolmen REIT Management Limited being the Management Company, Central Depository Company of Pakistan Limited, being the Trustee to the Scheme, National Engineering Services Pakistan (Pvt.) Limited being valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Pvt.) Limited, being property manager, connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC.

The services provided under RIET Regulations or the trust deed or offering document, by the RMC, Trustee, Valuer, Property Manager shall not be deemed related party transaction.

Transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with commercial rates.

There are no potential conflict of interest of the related party with respect to the Scheme.

Details of the transactions with related parties and balances with them, if not disclosed elsewhere in these financial statements are as follows:

## Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For the Quarter Ended September 30, 2015

### 16.1 Transactions during the period:

	(Un-audited) September 30 2015	(Audited) June 30, 2015
	----- Rupees in '000-----	
<b>International Complex Projects Limited</b>		
- Rental income	593,403	2,844
<b>Dolmen Real Estate Management (Private) Limited - Property Manager</b>		
- Ancillary income collection fee	4,779	942
- Common area maintenance charges	2,851	521

### 16.2 Amounts outstanding as at period end

<b>International Complex Projects Limited</b>		
- Receivable in respect of security deposits of tenants	16,797	16,797
- Rent receivable	172,736	2,844
<b>Dolmen Real Estate Management (Private) Limited - Property Manager</b>		
- Ancillary income collection fee payable	(16,056)	942
- Common area maintenance charges payable	-	521

### 17 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by Board of Directors of the RMC on October 27, 2015.

### 18 GENERAL

**18.1** The Board of Directors of the RMC in their meeting held on September 21, 2015 have proposed final cash dividend for the period from 20 January 2015 to 30 June 2015 of Rs. 0.08 per unit amounting to Rs. 169,977 million.

**18.2** This is the first financial statements of the scheme therefore, there are no corresponding figures from previous years to report.

**For Arif Habib Dolmen REIT Management Limited  
(REIT Management Company)**



Chief Executive Officer



Director



**ARIF HABIB DOLMEN**  
REIT MANAGEMENT LIMITED

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