



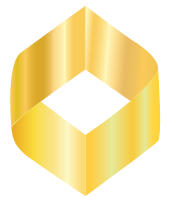
ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

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Dolmen City REIT

Leading the Direction to **Growth**

Half Yearly Report December 31, 2020



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

Leading the Direction to **Growth**



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED



About REITs

A Real Estate Investment Trust (REIT) is an entity that professionally manages a pool of money from individuals and institutions to buy developed properties for rent, or to develop real estate and sell or rent it. The proceeds from rent or sale of the property are distributed to the unit holders.

REITs In Pakistan

REIT Regulatory Framework in Pakistan was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, subsequently replaced by REIT Regulations 2015 as amended in 2018. These regulations are comprehensive with the principal focus on the protection of investors' interests. A "REIT Scheme" is a listed, closed-end fund registered under Real Estate Investment Trust Regulations 2018. The three types of REIT schemes in Pakistan are:

Developmental REIT: A Developmental REIT Scheme invests in the development of real estate for Industrial, Commercial or Residential purposes through construction or refurbishment.

Rental REIT: A Rental REIT Scheme invests in Commercial or Residential real estate to generate rental income.

Hybrid REIT: A REIT Scheme having both; a component for rent and for development.

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Scheme's Information

Management Company

Arif Habib Dolmen REIT Management Limited

Board of Directors

Mr. Nasim Beg	Chairman
Mr. Nadeem Riaz	Director
Mr. Qamar Hussain	Independent Director
Mr. Naeem Ilyas	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Abdus Samad A. Habib	Director
Mr. Faisal Nadeem	Director
Mr. Sajidullah Sheikh	Director
Mr. Muhammad Ejaz	Chief Executive Officer

Audit Committee

Mr. Qamar Hussain	Chairman
Mr. Abdus Samad A. Habib	Member
Mr. Naeem Ilyas	Member

Human Resource & Remuneration Committee

Ms. Tayyaba Rasheed	Chairperson
Mr. Abdus Samad A. Habib	Member
Mr. Faisal Nadeem	Member
Mr. Muhammad Ejaz	Member

Other Executives

Mr. Zohaib Yaqoob	CFO & Company Secretary
Mr. Muneer Gader	Head of Internal Audit & Compliance

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi.

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi.

Bankers

Bank Al Habib Limited
Askari Bank limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
United Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
National Bank of Pakistan



External Auditors

Yousuf Adil & Co.
Chartered Accountants
Cavish Court A-35, Block
7 & 8, K.C.H.S.U,
Shahrah-e-Faisal, Karachi.

Internal Auditors

Junaidy Shoaib Asad & Co.
Chartered Accountants
1/6-P, P.E.C.H.S., Mohtarma Laeeq Begum Road,
Off Shahrah-e-Faisal, Karachi.

Legal Advisor

Mohsin Tayebaly & Co.
Corporate Legal Consultants
1st Floor, Dime Centre, BC-4 Block 9,
Kehkashan, Clifton, Karachi.

Property Manager

Dolmen Real Estate Management (Private) Limited

Property Valuer

Tristar International Consultant (Pvt.) Limited

Shariah Advisor

Alhamd Shariah Advisory Services (Private) Limited

Rating Agency

VIS Credit Rating Company Limited
VIS House, 128/C, 25th Lane Off Khayaban-e-Ittehad,
Phase VII, DHA, Karachi.

Current Ratings

DCR Rating: AAA (rr) (REIT Rating)
RMC Rating: AM2+ (RMC) (Management Quality Rating)

Registered Office of Management Company

Arif Habib Centre, 23 M.T. Khan Road, Karachi.

Vision

- "all eyes on you"

As Pakistan's first REIT, DCR aims to maintain its position as the premier office and retail Real Estate Investment Trust.

Mission

- "challenge the status quo and try new things"

Be a space where people aspire to work

Inspiring you to achieve more

Be the place where people love to shop

Enhance the customer experience to maximize shopper loyalty

To be the landlord of choice

Optimizing the tenancy mix through proactive leasing

Delivering Value

- "security, stability, resilience"

Providing our unit holders with regular, stable distributions and sustainable long term growth.

DIRECTORS' REVIEW REPORT



Directors' Review Report

Dear Unit holders of Dolmen City REIT

On behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited, we are pleased to present the Directors' Review report of Dolmen City REIT (DCR), the Scheme, for the half year ended on December 31, 2020 of financial year 2020-21.

Overview

FY2021 is predicted to be a challenging year for both the global economy and consumer sentiments owing to the ongoing COVID-19 pandemic. By implementing prudent and effective control measures, Pakistan had effectively controlled infection cases and robust measures are being implemented to catalyse economic recovery. However, the second wave of the virus is stronger and continued caution is touted to be critical for mitigating the spread.

Despite the challenges faced during the period, DCR continues to lead the capital markets in Pakistan as the only Listed REIT and has delivered decent results. DCR's performance, property management and close relationship with tenants is evident through maintenance of AAA (rr) – rating (highest investment quality and highest degree of stability in NAV) by the Rating agency as at June 30, 2020 and Shariah compliance certification by the Shariah advisor. Amidst economic and business challenges in the country, Dolmen Mall remains the destination of choice for shoppers and businesses alike. The Harbour Front similarly remained a benchmark for top quality office space in the country.

Response to the Outbreak of COVID-19

Due to the pandemic, Pakistan's retail sector faced unprecedented challenges. During the last quarter of the year 2020, smart lock-down was imposed over retail-business activities by the government, whereby, limited business operating hours and only outdoor food & leisure was allowed. Shopping malls are directed to remain closed on Friday and operating hours are restricted till 8pm in Karachi; this stifled operation caused an interruption to retail sales. The mall management responded by intensifying customer engagement through digital platforms to encourage footfall and retail sales with the implementation of prescribed customer safety protocols.

Efforts were also intensified to strengthen our valuable, long term tenant relationships by proactively negotiating contracts to support tenant retention in these challenging times. Tenants at both the Dolmen City Mall and the Harbour front office building were provided with rental waivers from month to month after carefully assessing the overall situation. Rental waivers provided to tenants of the Mall and Harbour Front during the period July to December 2020 amounted to approximately PKR 277 million.

Financial Performance

During the half-year under review, DCR recorded a rental income of PKR 1,418.10 million as compared to PKR 1,698.41 million in corresponding period last year, showing a decrease of 16.50% in response to providing discounts to the outbreak of COVID-19. Marketing income was recorded at PKR 61.3 million as compared to PKR 97.3 million. Administrative and operating expenses during the period were 15.18% of rental income at PKR 215.4 million. Net Operating Income 'NOI' for the period was recorded at PKR 1,264.02 million as compared to PKR 1,553.32 million in corresponding period with a decrease of 18.62%. Profit on deposits for the period were recorded at PKR 39.75 million as compared to PKR 110.73 million in the corresponding period.

Profit for the period was recorded at PKR 3,419.28 million, comprising of PKR 1,291.41 million from operations and PKR 2,127.87 million from change in fair value of investment property based on the valuation conducted by independent valuator Tristar International Consultants (Private) Limited on December 31, 2020. The profit translates into earnings of PKR 1.5377 per unit as against PKR 1.8079 per unit in the corresponding period. The EPU comprises of distributable income of PKR 0.5807 per unit (as compared to PKR 0.7207 for the corresponding period) and un-distributable unrealized fair value gain of PKR 0.9569 per unit (as compared to PKR 1.0872 for the corresponding period).

Operational Performance

DCR's real estate has witnessed consistent occupancy levels since inception in 2015. With the management's response to the COVID-19 challenge, occupancy at the end of December 2020 was 91.04%. As a result of tight control measures, efforts to contain spread of the virus have been successful; enabling businesses to recover quickly. The mall business in Pakistan is counter-cyclical with pent up demand for consumer-spending manifest as customers seek better value-for-money bargains.

While rent waivers introduced by the management to provide relief to the tenants affected by the slowdown in economy resulted in lower rental income, we view this as an investment and look forward to more robust performance in the coming time. The payoff of this investment in tenant retention is being proven by a reduction in the percentage of monthly rent waivers and new tenants coming in including Maersk, Belco, Omega, Spa Ceylon, and Image among others. Tenancy strategy is focused on encouraging footfall and retail spending through selecting tenants that help each other increase sales by creating buyer synergy resulting in higher overall sales volumes from mall operation. Space for new tenants who create value for the overall tenancy mix based on consumer goods formats has been created by outgoing large tenants including Engro Corporation Limited, Procter and Gamble, Standard Chartered, Mango Man, Samsonite Classic, and Bays Lingerie and others. This has created a total vacant area opportunity of 11,558 square feet with a number of potential well selected tenancies in the pipeline.

Tenants' satisfaction with the operations and property management at the premises is reflected in their long-term agreements and eagerness to occupy further space on availability. As on December 31, 2020, the Weighted Average Lease Expiry 'WALE' based on the leasable area of Dolmen City Mall (68% of the total area) is around 3.20 years and of the Harbour Front (32% of the total area) is around 3.48 years (DCR's current average lease expiry is 3.29 years).

Occupancy level at Dolmen Mall Clifton and Harbour Front at the end of half year is as follows:

Lease Occupancy	Leasable Area	Leased Area	Vacant Area	Occupancy%
		December, 2020 (in square feet)		
Dolmen Mall Clifton	547,924	497,611	50,313	90.82%
The Harbour Front	256,724	234,946	21,778	91.52%
Total	804,648	732,557	72,091	91.04%

Changes in leased area on a quarter on quarter basis, are as follows:

Lease Occupancy	Leasable Area	Leased Area	Occupancy variations	Occupancy Variation%
	December, 2020	September, 2020		
	(in square feet)			
Dolmen Mall Clifton	497,611	500,283	(2,672)	(0.53%)
The Harbour Front	234,946	220,716	14,230	6.45%
Total	732,557	720,999	11,558	1.60%

Marketing Activities

Marketing and branding activities together with resumption of public confidence amidst weakening pandemic, kept the Mall bustling with growing footfall during the period under review.

Footfall for the half year ended December 31, 2020		
Month	Daily Average	Total
July	11,047	342,461
August	14,199	440,160
September	24,545	646,336
October	19,912	617,278
November	18,402	552,051
December	18,231	565,173

The Property Manager played an instrumental role in maintaining the goodwill and brand image of Dolmen City and enticed Karachi'ites to visit, shop and be part of the Dolmen Mall experience. The quarterly Dolmen Magazine kept patrons abreast of shopping festivals, event calendar, brand advertisements and discount offerings.

BeYoutiful This Fall:

The beauty festival was one of the most awaited event of Dolmen Mall's calendar and this year it was celebrated with the same feel & engagements as previous years while adhering the coronavirus SOPs. The purpose of the event was to bring the best brands from the beauty & personal care industry under one roof and give customers a chance to interact with experts.

Dolmen Wheels On Show:

The Dolmen Wheels on Show turned out to be the most interactive event of the 2020. Despite the COVID-19 impact on mall's footfall, the customers gave huge appreciation to event while observing the governmental SOPs.

The Idea behind 'Dolmen Auto Show' was to create an Exhibition of Cycles Cars, Bikes, Motor Vehicles throughout the Mall to invite & engage Auto Fans and enthusiastic and provide them with an opportunity to explore different car services brands, vintage cars exhibition, luxury bikes & cycles options under one roof.

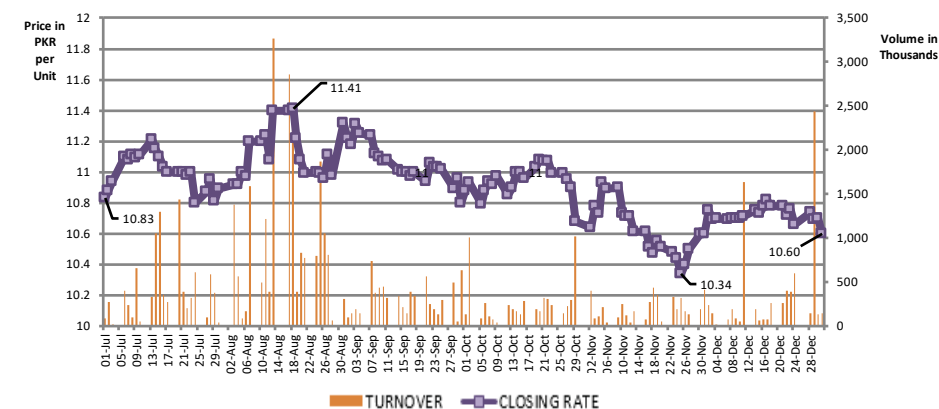
Winter Indulgence:

Due to COVID-19 impact and in the absence of Dolmen Shopping Festival, the idea behind the winter indulgence was to amplify the mall ambiance, promote winter deals of the tenants and attract more customers to shopping. The main focus was on décor and creative installations.

Stock Performance

During the period under review, the stock of 'DCR' traded at an average unit price of PKR 10.91 and touched a high of PKR 11.41 and a low of PKR 10.34 per unit. During the same period KSE100 index moved in the range between 34,889.41 to 43,766.69. The stock of DCR remained stable with beta of 0.29 (which means for every 1 rupee change in the value of a share in the benchmark; DCR price would likely change by only 29 paisas, beta here represents low volatility and elasticity) and covariance with the market of only 0.27 (which is a measure of the degree to which returns on two risky assets move in tandem, indicate low positive correlation of DCR stock performance with the market performance).

Stock Market performance of DCR Unit
July 2020 to December 2020



Net Asset Value 'NAV' per Unit of DCR is PKR 24.15 at December 31, 2020 which was PKR 21.92 at the end of the corresponding period last year i.e. December 31, 2019). DCR on its closing Unit price of PKR 10.60 on December 31, 2020 traded at a discount of 56% to its NAV .

Dividend Distribution

The board of directors have declared and approved an interim cash dividend for the quarter ended December 31, 2020 at PKR 0.33 per unit. Together with the earlier dividend paid of PKR 0.25 per unit. It will translate into annual dividend yield of 11.60%. The said dividend will be entitled to those unit holders whose name will appear in the register of unit-holder on the close of business on **February 11, 2021**.

Business Environment

Karachi is one of the fastest growing cities in Pakistan, as such the demand for commercial space; both office and retail has generally seen an upward trend. Events over this year however have placed real estate demand under pressure with rising cost of doing business, interest rates, currency devaluation and exacerbated economic slowdown caused by the Coronavirus.

Outlook

The government entered its third year and some tough economic decisions were made, early on, which subjected considerable pressure on every business segment, this was compounded by the COVID-19 epidemic, however we see stabilization in the commercial environment moving forward and anticipate this being translated to more demand for office space. In the shorter-term the impact of the epidemic on the economy is expected to affect consumption pattern and the retail segment. Going forward, it is anticipated that the government would keep an eased monetary policy stance, making REIT's unit comparatively attractive. Extension of Construction package and tax incentives for the real estate sector would support the activity momentum which is gradually building up.

With professional property management, long lease expiries, extensive marketing activities and renowned tenants, we remain confident that Dolmen City will remain the destination of choice for shoppers, retail operators and corporations alike. In the long run, with constant improved occupancy levels, revenue growth will be enriched from rental escalations. Harbour front, which is currently the best quality office space in the city, is yielding optimum rent. DCR is striving to achieve optimum yield under the prevailing circumstances. By international standards, maximum occupancy of a mall is considered to be around 90% of the leasable area as tenancy is fluid and an element of vacancy is imperative to accommodate new tenants.

Vigilance at all levels by Trustee, RMC, Shariah Advisor and the SECP ensures compliance to REIT Regulations and other applicable laws and standards. These factors continue to provide DCR's Unit Holders with a rewarding investment.

Acknowledgment

We are thankful to DCR's valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustee of DCR, the Property Manager and business partners for their continued cooperation and support. We also appreciate the effort put in by the management team.

For and on behalf of the Board



Muhammad Ejaz
Chief Executive

Karachi
January 20, 2021



Nasim Beg
Chairman

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Head Office:
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahr-e-Faisal
Karachi - 74400, Pakistan.
Tel : (92-21) 111-111-500
Fax: (92-21) 34326021 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com




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 materially complied with the Business Plan during the period ended December 31, 2020.

We would like to draw the attention of the unit holders towards the note # 22 of the financial statements wherein the Management Company has mentioned the loss of revenue to an amount of Rs. 277 Million, during the period, due to rental waivers granted by the Management Company to provide cash flow support to the tenants of The Harbor Front and Dolmen City Mall Clifton in the wake of COVID-19, as their business were severely affected by the forced closure of the Mall and strict implementation of standard operating procedures when Mall was allowed to open as per the directives of provincial government through notifications.



Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 11, 2021





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

نحمدہ و نصلی علی رسولہ الکریم

Bi-Annual Shariah Advisor's Report

For the period ended December 2020

Dolmen City REIT is a Shariah Compliant REIT launched in the month of June 2015. The structure of Dolmen CITY REIT is based on Shirkah and Ijarah. According to the structure, all Unit Holders are co-owners of the Project (The Harbor Front and Dolmen Mall) and they will receive the dividends based on the income from rentals. Shirkah and Ijarah both are Shariah compliant products.

In the capacity of Shariah Advisor, we reviewed the transactions conducted under Dolmen City REIT. The main source of REIT income is the rentals that it receive from its valuable clients. In our opinion, the business affairs of Dolmen City REIT have been generally carried out in accordance with rules and regulations of Shariah, therefore we confirm that the income generated under this REIT is HALAL AND SHARIAH COMPLIANT.

We are thankful to the Directors and management of Arif Habib Dolmen REIT management company, the trustee, property manager and other stake holders in providing full support and cooperation to make this transaction Shariah compliant and my special thanks to all Unit Holders who invested in this REIT and showed full trust on the this Project.

In the end; we would like to take this opportunity to express my wishes for further progress, development, and prosperity of Dolmen City REIT.

MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Shariah Advisor -Dolmen City REIT

Dated: 11th Jan, 2021

MUFTI UZAIR BILWANI

For and on behalf of

Alhamd Shariah Advisory Services Private Limited



Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

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نحمدہ و نصلی علی رسولہ الکریم

ششماہی شریعہ ایڈوائزر رپورٹ

دسمبر ۲۰۲۰

ڈولمن سٹی REIT ایک شریعہ کمپلائنٹ REIT ہے، جو جون 2015 میں شروع ہوئی۔ ڈولمن REIT کی بنیاد شرکت اور اجارہ پر ہے، جس کے مطابق، تمام یونٹ ہولڈرز، پراجیکٹ (ہاربر فرنٹ اور ڈولمن مال) کے شرکاء ہیں اور حاصل ہونے والا کرایہ ان شرکاء کے درمیان تقسیم کیا جاتا ہے۔ شرکت اور اجارہ دونوں عقود شریعت کے مطابق ہیں۔

ہم نے ڈولمن سٹی REIT کے معاملات کا شرعی نقطہ نگاہ سے جائزہ لیا، REIT کی آمدنی کا بنیادی ذریعہ کرایہ ہے، جو مختلف کرایہ داروں سے حاصل ہوتا ہے۔

ہماری رائے میں، ڈولمن سٹی REIT کے کاروباری معاملات مجموعی طور پر شرعی قواعد و ضوابط کے مطابق انجام دیے گئے ہیں، لہذا ہم اس بات کی تصدیق کرتے ہیں کہ اس REIT کی آمدنی حلال اور شریعت کے مطابق ہے۔

ہم ان تمام معاملات کو شریعت کے مطابق رکھنے میں، عارف حبیب ڈولمن REIT مینجمنٹ کمپنی، ٹرسٹیز، پراپرٹی مینیجر اور دیگر اسٹیک ہولڈرز کی حمایت اور تعاون کا شکریہ ادا کرتے ہیں، ساتھ ہی ساتھ ان یونٹ ہولڈرز کا بھی خاص طور پر شکریہ ادا کرتے ہیں جنہوں نے اس REIT پر اعتماد کیا اور اس میں سرمایہ کاری کی۔

آخر میں ہم ڈولمن سٹی REIT کی مزید ترقی اور خوشحالی کے لئے اپنی نیک خواہشات کا اظہار کرتے ہیں۔

مفتی عزیز بلوانی

المند شریعہ ایڈوائزر سروسز (پرائیویٹ) لمیٹڈ

مفتی محمد ابراہیم عیسیٰ

المند شریعہ ایڈوائزر سروسز (پرائیویٹ) لمیٹڈ

۱۱، جنوری ۲۰۲۱



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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE UNIT HOLDERS OF DOLMEN CITY REIT (THE SCHEME)****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Dolmen City REIT** ("the Scheme") as at December 31, 2020, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in unit holders' fund and notes to the condensed interim financial statements (here-in-after referred to as the 'interim financial statements') for the six months period then ended. REIT Management Company is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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". A review of interim 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 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

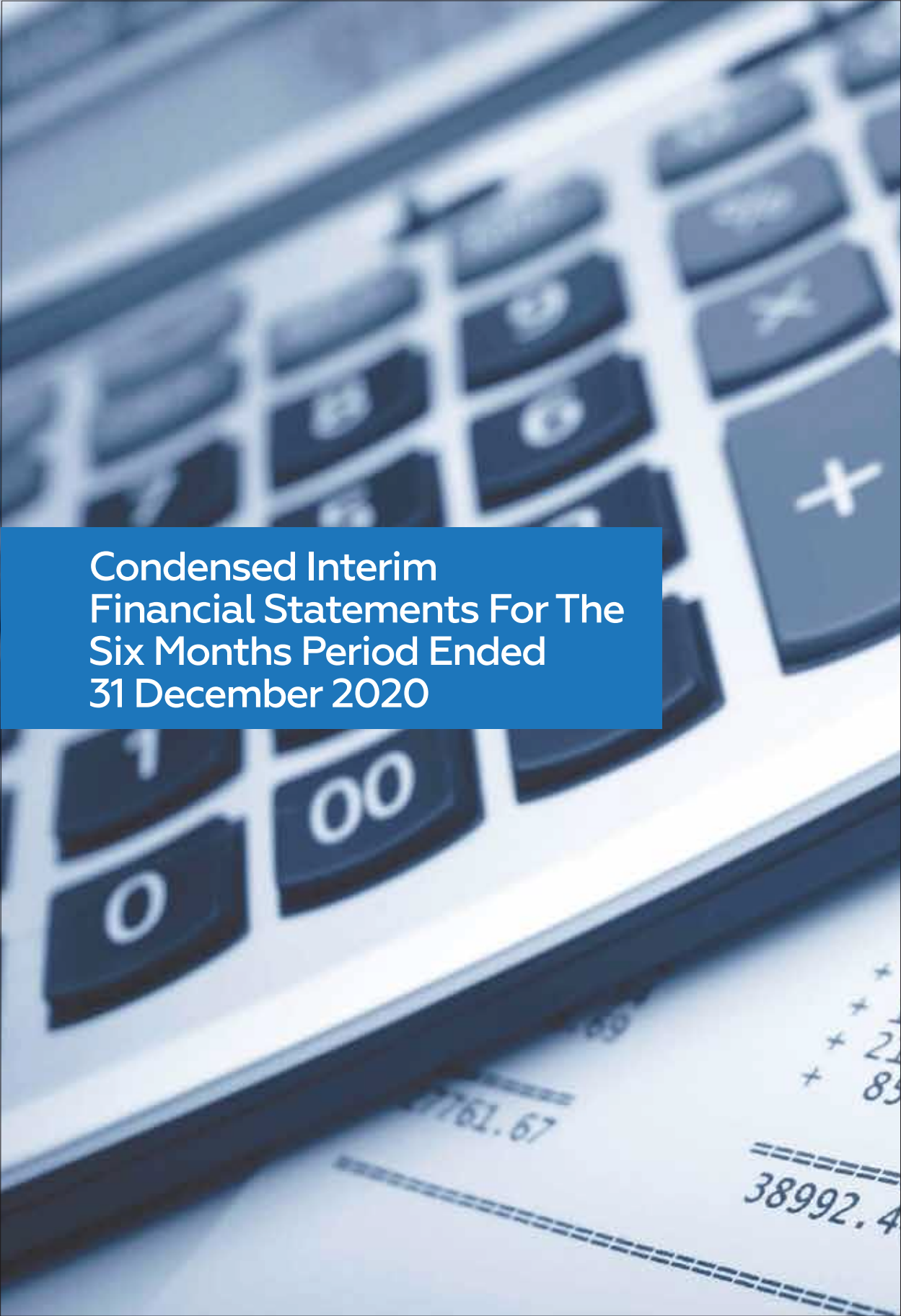
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as at and for the six months period ended December 31, 2020 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is *Nadeem Yousuf Adil*.


Chartered Accountants

Place: Karachi

Date: February 04, 2021



Condensed Interim Financial Statements For The Six Months Period Ended 31 December 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Unaudited 31 December 2020 (Rupees in '000)	Audited 30 June 2020
ASSETS			
NON-CURRENT ASSETS			
Investment property	6	52,541,347	50,413,476
CURRENT ASSETS			
Rent receivables	7	238,532	213,987
Short-term deposits, prepayments and other assets	8	219,940	282,859
Profit accrued		7,706	10,736
Short-term Investment	9	250,000	766,000
Bank Balances	10	1,145,371	347,362
		1,861,549	1,620,944
TOTAL ASSETS		54,402,896	52,034,420
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Reserves		31,463,984	29,045,373
TOTAL UNIT HOLDERS' FUND		53,700,984	51,282,373
LIABILITIES			
NON-CURRENT LIABILITIES			
Security deposits		209,903	204,398
		209,903	204,398
CURRENT LIABILITIES			
Payable to REIT management company	11	26,922	8,339
Security deposits		215,139	198,348
Accrued expenses and other liabilities	12	237,645	325,759
Unclaimed dividend		12,303	15,203
		492,009	547,649
TOTAL UNIT HOLDERS' FUND AND LIABILITIES		54,402,896	52,034,420
		(Rupees)	
NET ASSET VALUE PER UNIT		24.15	23.06
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2020

	Note	Six months period ended 31 December 2020	31 December 2019	Quarter ended 31 December 2020	31 December 2019
INCOME					
Rental income		1,418,103	1,698,410	815,322	851,019
Marketing income		61,282	97,343	44,339	55,044
		1,479,385	1,795,753	859,661	906,063
Administrative and operating expenses	14	(215,365)	(242,430)	(115,264)	(125,060)
Net operating income		1,264,020	1,553,323	744,397	781,003
Other income	15	77,378	110,727	22,321	56,378
		1,341,398	1,664,050	766,718	837,381
Management fee	11.1	(37,921)	(46,600)	(22,332)	(23,430)
Sindh sales tax on management fee	11.1	(4,930)	(6,058)	(2,903)	(3,046)
Trustee remuneration	12.1	(6,320)	(7,767)	(3,722)	(3,905)
Sindh sales tax on trustee remuneration	12.1	(822)	(1,010)	(484)	(508)
		(49,993)	(61,435)	(29,441)	(30,889)
PROFIT BEFORE CHANGE IN FAIR VALUE OF INVESTMENT PROPERTY		1,291,405	1,602,615	737,277	806,492
Change in fair value of investment property / Unrealised gain	6	2,127,871	2,417,672	2,127,871	2,417,672
PROFIT BEFORE TAXATION		3,419,276	4,020,287	2,865,148	3,224,164
Taxation	16	-	-	-	-
PROFIT AFTER TAXATION FOR THE PERIOD		3,419,276	4,020,287	2,865,148	3,224,164
		(Rupees)			
Earnings per unit					
On distributable income		0.58	0.72	0.33	0.36
On undistributable unrealised fair value gains		0.96	1.09	0.96	1.09
EARNINGS PER UNIT- BASIC AND DILUTED	18	1.54	1.81	1.29	1.45

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial
Officer



Chief Executive
Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2020

	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)			
PROFIT AFTER TAXATION	3,419,276	4,020,287	2,865,148	3,224,164
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	3,419,276	4,020,287	2,865,148	3,224,164

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	Note	Six months period ended	
		31 December 2020	31 December 2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,419,276	4,020,287
Adjustments for:			
Change in fair value of investment property / unrealized gain		(2,127,871)	(2,417,672)
Profit on deposits		(39,745)	(110,727)
		1,251,660	1,491,888
Working capital changes (Increase) / decrease in current assets			
- Rent receivables		(24,545)	(19,168)
- Short term deposits, prepayments and other assets		108	(1,592)
Increase / (decrease) in current liabilities			
- Payable to the REIT management company		18,583	1,003
- Security deposits - net		22,296	7,787
- Accrued expenses and other liabilities		(88,114)	44,045
Cash generated from operations		1,179,988	1,523,963
Taxes refund / (tax withheld at source)		62,811	(1,086)
Formation costs paid		-	(50,339)
Net cash generated from operations		1,242,799	1,472,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit on deposits received		42,775	105,422
Net cash generated from investing activities		42,775	105,422
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(1,003,565)	(1,512,425)
Net cash used in financing activities		(1,003,565)	(1,512,425)
Net increase in cash and cash equivalents during the period		282,009	65,535
Cash and cash equivalents at beginning of the period		1,113,362	1,619,355
Cash and cash equivalents at end of the period	19	1,395,371	1,684,890

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND
(UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

	Units	Reserves				Unit holders' fund
		Capital Reserves		Revenue Reserves	Total reserves	
		Premium on issue of units - net	Fair Value Reserve (note 18.1.1)	Unappropriated profit		
(Rupees in '000)						
Balance as at 30 June 2019 (audited)	22,237,000	281,346	22,717,466	997,384	23,996,196	46,233,196
Transactions with owners						
Cash dividend for the year ended 30 June 2019 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Cash dividend for the quarter ended 30 September 2019 (Rs. 0.35 per unit)	-	-	-	(778,295)	(778,295)	(778,295)
	-	-	-	(1,512,116)	(1,512,116)	(1,512,116)
Total comprehensive income for the six months period	-	-	2,417,672	1,602,615	4,020,287	4,020,287
Balance as at 31 December 2019	22,237,000	281,346	25,135,138	1,087,883	26,504,367	48,741,367
Balance as at 30 June 2020 (audited)	22,237,000	281,346	28,176,476	587,551	29,045,373	51,282,373
Transactions with owners						
Cash dividend for the year ended 30 June 2020 (Rs. 0.20 per unit)	-	-	-	(444,740)	(444,740)	(444,740)
Cash dividend for the quarter ended 30 September 2020 (Rs. 0.25 per unit)	-	-	-	(555,925)	(555,925)	(555,925)
	-	-	-	(1,000,665)	(1,000,665)	(1,000,665)
Total comprehensive income for the six months period	-	-	2,127,871	1,291,405	3,419,276	3,419,276
Balance as at 31 December 2020	22,237,000	281,346	30,304,347	878,291	31,463,984	53,700,984

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

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 Real Estate Investment Trust Regulations, 2015 (REIT Regulations, 2015), promulgated and amended from time to time by the Securities and Exchange Commission of Pakistan (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 Pakistan Stock Exchange and is rated AAA(rr) by 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. All of the activities undertaken by the Scheme during the period 31 December 2020 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principals of Shariah.

1.2 The Scheme is the subsidiary of International Complex Projects Limited (ICPL). As at 31 December 2020, ICPL directly holds 75 percent units of the Scheme. The Scheme started its commercial activities on 01 June 2015.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34 "Interim Financial Reporting" (IAS - 34)
- Provisions of and directives issued under the Companies Act, 2017 and Part VIII of the repealed Companies Ordinance, 1984; and
- The Real Estate Investment Trust Regulations 2015 (the REIT Regulations) and requirements of the Trust Deed.

Where the provision of and directives issued under the Companies Act, 2017 and Part VIII of the repealed Companies Ordinance 1984, REIT Regulations, 2015 and requirements of trust deed differ from IAS 34, the provisions of or directives under the Companies Act, 2017 and Part VIII of the repealed Companies Ordinance 1984, REIT Regulations and requirements of trust deed have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial statements do not include all the information and disclosures which are required in a full set of financial statements and should be read in conjunction with the annual audited financial statements of the Scheme for the year ended 30 June 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance since the last financial statements of the Scheme.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the external auditors in accordance with the requirements of the section 237 of Companies Act, 2017.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

The comparatives in the condensed interim statement of financial position as at 31 December 2020 have been extracted from the audited financial statements of the Scheme for the year ended 30 June 2020, whereas, the comparatives in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in unit holders' fund and condensed interim statement of cash flows have been extracted from the unaudited condensed interim financial statements of the Scheme for the six months period ended 31 December 2019.

These condensed interim financial statements are being submitted to the unit holders as required by the listing regulations of Pakistan Stock Exchange Limited vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared on the basis of 'historical cost convention' except investment property which is stated at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Scheme's functional and presentation currency and have been rounded off to the nearest thousand, except otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the scheme for the year ended 30 June 2020 except for certain accounting and reporting standards which became effective for current accounting period.

However the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or do not have any significant impact on this condensed interim financial statements.

3.1 New standards, interpretations and amendments to published accounting and reporting standards that are effective for the year ending 30 June 2021

The following standards, amendments and interpretations are either not relevant to the Scheme's operations or are not expected to have significant impact on the Scheme's condensed financial statements other than certain additional disclosures:-

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures and IFRS 9 'Financial Instruments' – regarding Interest rate benchmark reform
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions.
- Amendments to IFRS 3 'Business 'Combinations' - Amendment in the definition of business

Certain annual improvements have also been made to a number of IFRSs.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with accounting and reporting 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 these condensed interim financial statements, the significant judgments made by RMC in applying the Scheme's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Scheme for the year ended 30 June 2020.

5. RISK MANAGEMENT

The Scheme's risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the scheme for the year ended 30 June 2020.

	Note	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
6. INVESTMENT PROPERTY			
Carrying amount at beginning of the period / year		50,413,476	44,954,466
Add: Change in fair value of investment property / unrealised gain		2,127,871	5,459,010
Carrying amount at end of the period / year	6.1	52,541,347	50,413,476

6.1 The Investment property comprise of the buildings named as the "DOLMEN CITY MALL" and the "HARBOUR FRONT", comprising of two Basements (5,285 square feet), Ground floor (187,347 square feet), Mezzanine Floor (19,879 square feet), First floor (275,399 square feet), Second floor (272,972 square feet), Plant and Transformer Rooms (27,667 square feet), Third to Nineteenth floors (270,271 square feet) i.e. having a total covered area of 1,567,678 square feet with 15,201.68 square yards undivided share in the Plot bearing No. HC-3, Block 4, KDA, Scheme 5, Marine Drive, Karachi.

The investment property has been valued by Tristar International Consultant (Private) Limited (the valuer) as at 31 December 2020 and 30 June 2020. The Valuer used all prescribed approaches to value the investment property as per the clause 7 (a) of Schedule VI to the REIT Regulations, 2015. The valuation under different approaches are summarised below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
Cost approach	31,289,284	29,952,927
Sales comparison approach	66,309,531	63,151,934
Income capitalization approach		
(a) Valuer's assessment of rental income – using 6% capitalization rate	55,227,481	53,719,118
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area – using 6% capitalization rate	52,541,347	50,413,476

The clause 7 (c) of Schedule VI to the REIT Regulations, 2015, states that the Valuer shall provide an explanation of the relative strengths and weaknesses of various approaches and explicitly state the approach that is most appropriate for the REIT Scheme. Tristar International Consultant (Private) Limited in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "Income Capitalization Approach" is the most typical approach used for income producing properties i.e. rental properties. Tristar International Consultant (Private) Limited has determined two values under Income Capitalization Approach as stated above, however recommended that the projected net operating income (NOI) based on existing rental agreements and expected rent for the vacant area is most appropriate for the Scheme. Accordingly, Investment Property has been valued in these condensed interim financial statements under Income capitalization approach based on projected NOI on existing rental agreements and expected rent for the vacant area using 6% capitalisation rate.

The forced sales value of the investment property is assessed to be Rs. 53,047.625 million (30 June 2020: Rs. 50,521.547 million).

The fair value measurement for the investment property has been categorised as Level 3 fair value hierarchy which is considered as highest and best use of investment property.

Sensitivity analysis

Change in each of the below significant unobservable input would have effect on fair value of these investee properties as shown below. The analysis assumes that all other variables remain constant and is performed on the same basis as for audited financial statements for the year ended 30 June 2020.

	(Unaudited) 31-Dec-2020	
	Change in input	Effect on fair value (Rupees in '000)
- Projected income (based on existing leasing contracts)	+ 5%	3,076,244
- Projected income (based on existing leasing contracts)	- 5%	(3,076,244)
- Projected operating costs (based on projected costs)	+ 5%	(449,177)
- Projected operating costs (based on projected costs)	- 5%	449,177
- Capitalization rate	+ 1%	(7,505,907)
- Capitalization rate	- 1%	10,508,269

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020

	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
7. RENT RECEIVABLES - UNSECURED		
Rent receivables	279,687	255,142
Loss allowance	(41,155)	(41,155)
	238,532	213,987
8. SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER ASSETS		
Unsecured - Considered good		
Security deposit	959	959
Prepayments	15,355	15,463
Advance tax	203,626	266,437
	219,940	282,859
Considered doubtful - unsecured	4,728	4,728
	224,668	287,587
Less: Loss allowance	(4,728)	(4,728)
	219,940	282,859
9. SHORT TERM INVESTMENT		

These represent term deposit receipts with Islamic banks and carry expected profit rate of 6.75% (30 June 2020: 8.1%) per annum with maturity of three months. This includes security deposits received by the Scheme from tenants.

	Note	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
10. BANK BALANCES			
Saving accounts	10.1	1,145,371	347,362
		1,145,371	347,362
10.1			
This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.51% to 6.60% (30 June 2020: 2.85% to 7.58%) per annum.			
	Note	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
11. PAYABLE TO REIT MANAGEMENT COMPANY			
Management fee payable		22,332	5,887
Sindh Sales Tax		4,590	2,452
	11.1	26,922	8,339

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

11.1 Under the annual provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding three percent of NOI of the Scheme. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax on the remuneration of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable rate is 13% being effective from 01 July 2016.

Note	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
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12. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses	43,221	97,455
Trustee remuneration	7,142	14,512
Provision for government levies	2,265	2,265
Monitoring fee payable to SECP	11,118	22,237
Payable to associated undertakings	29,337	30,915
Unearned rental income	84,819	93,948
Sales tax and withholding income tax	44,872	44,265
Federal Excise Duty	11,980	11,980
Shariah advisory fee	62	124
Other liabilities	2,829	8,058
	237,645	325,759

12.1 The Trustee is entitled to an annual remuneration for services rendered at a rate of 0.6% of the annual NOI under the provisions of the REIT Regulations, 2015. However, the Trustee charged annual remuneration at a rate of 0.5% of the annual NOI during the period. The Sindh Government has levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act 2011, effective from 01 July 2015. The current applicable rate is 13% being effective from 01 July 2016.

	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
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12.2 Payable to Associated undertakings

- International Complex Projects Limited	1,819	1,819
- Dolmen Real Estate Management (Private) Limited - Property Manager	27,518	29,096
	29,337	30,915

12.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the RMC has been applied. The RMC is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its order dated 02 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act, 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the SHC, as directed, will have effect in the manner prescribed in the judgment. Subsequently, the SHC in its decision dated 30 June 2016 on CP No. D-3547 of 2013 in respect of constitutional petition filed by management companies of mutual funds maintained the aforesaid order on the FED.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

The Sindh Revenue Board and the Federal Board of Revenue have filed appeals before Supreme Court of Pakistan (SCP) against the SHC's decision dated 02 June 2016, which is pending for decision. With effect from 01 July 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by Finance Act, 2016. Therefore, the Scheme has discontinued making any further provision in this regard. As a matter of abundant caution, without prejudice to the above, an accumulated provision of Rs. 11.980 million has been maintained in the Scheme's condensed interim financial statements.

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2020 (30 June 2020: NIL).

14. ADMINISTRATIVE AND OPERATING EXPENSES

	Six months period ended 31 December 2020		Quarter ended 31 December 2020	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)			
SECP Monitoring fee	11,119	11,119	5,560	5,560
Property management fee	94,454	117,997	55,747	62,477
Ancillary income collection fee	10,869	17,510	6,865	9,647
Common area maintenance charges	32,735	9,201	18,068	4,826
Legal and professional charges	12,957	3,750	1,034	1,550
Utility expenses	793	728	587	523
Marketing expenses	15,595	34,690	10,394	20,619
Takaful fee	8,570	8,570	4,285	4,285
Property and advertisement taxes	6,238	9,127	3,119	4,560
Auditor's remuneration	1,301	1,291	650	691
Renovation expense	19,110	26,691	8,033	9,071
Shariah advisory fee	124	124	62	62
Others	1,500	1,632	860	1,189
	215,365	242,430	115,264	125,060

15. OTHER INCOME

Profit on deposit	39,745	110,727	21,437	56,378
Reversal of accrual	37,633	-	884	-
	77,378	110,727	22,321	56,378

16. 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, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

The Board of Directors of the RMC intends to distribute more than ninety percent of the Scheme's accounting income for the year ending 30 June 2021 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash dividend to avail the exemption. Accordingly, no tax provision has been made in the condensed interim financial statements for the six months period ended 31 December 2020.

17. 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, Tristar International (Private) Limited being Valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private) Limited, being the property manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors, key executives of the RMC, trustee, valuer and promoter of RMC.

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

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 conflicts of interest of the related parties with respect to the Scheme.

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

	(Unaudited) Six months period ended 31 December 2020 (Rupees in '000)	(unaudited) 31 December 2019
17.1 Transactions during the period:		
International Complex Projects Limited - Holding Company		
- Rental income	22,821	24,982
- Payment against purchase of equipment for maintenance	-	1,194
Dolmen Real Estate Management (Private) Limited - Property Manager		
- Common area maintenance charges	32,735	9,201
- Expenses incurred on behalf of Scheme	208	1,253
- Reversal of accrual	7	-
- Reimbursement of expenses incurred on behalf of Scheme	358	818
Associate due to common directorship:		
Dolmen (Private) Limited		
- Marketing Income	234	742
Retail Avenue (Private) Limited		
- Rental income	4,135	4,818
Sindbad Wonderland (Private) Limited		
- Rental income	14,452	35,564

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

(Unaudited) (Audited)
31 December 30 June
2020 2020
(Rupees in '000)

17.2 Balances outstanding as at period / year end

International Complex Projects Limited - Holding Company

- Rent receivable	171	171
- Net payable in respect of purchase consideration of investment property	1,819	1,819
- Payable against purchase of equipment for maintenance	80	80

Dolmen Real Estate Management (Private) Limited - Property Manager

- Common area maintenance charges	5,962	17,348
- Expenses payable incurred on behalf of Scheme	1,492	1,649
- Payable of withheld of security deposits of tenants	1,084	514

Associate due to common directorship :

Dolmen (Private) Limited

- Marketing income receivable	234	742
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Retail Avenue (Private) Limited

- Rent receivable	66	427
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Sindbad Wonderland (Private) Limited

- Rent receivable	5,283	466
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18. EARNINGS PER UNIT - BASIC AND DILUTED

Note	Six months period ended		Quarter ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	(Rupees in '000)			
Profit after taxation	3,419,276	4,020,287	2,865,148	3,224,164

(Number of Units)

Weighted average number of ordinary units outstanding during the period	2,223,700,000	2,223,700,000	2,223,700,000	2,223,700,000
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(Rupees)

Earnings per unit - Basic and diluted	18.1	1.54	1.81	1.29	1.45
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18.1 Earnings per unit comprises as follows:

On distributable income	0.58	0.72	0.33	0.36	
On undistributable unrealised fair value gains	18.1.1	0.96	1.09	0.96	1.09
		1.54	1.81	1.29	1.45

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

18.1.1 Under the provisions of Trust Deed, the amount available for distribution shall be total of income and realised gain net off expenses. Accordingly, unrealised gain due to change in fair value of investment property is not distributable.

18.1.2 There is no impact of dilution on earnings per share as the Scheme did not have any convertible instruments in issue as at 31 December 2020 and 31 December 2019 which would have had any effect on the earnings per share if the option to convert had been exercised.

Note	(Unaudited) 31 December 2020 (Rupees in '000)	(Audited) 30 June 2020
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19. CASH AND CASH EQUIVALENTS

Term deposit receipts	9	250,000	766,000
Bank balances	10	1,145,371	347,362
		<u>1,395,371</u>	<u>1,113,362</u>

20. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Scheme is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair values of all the financial assets and liabilities at the reporting date approximate to their carrying value.

Fair value of the investment property is shown under note no 6.

21. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020**

22. IMPACT OF COVID-19 ON THE SCHEME'S OPERATIONS

"In Pakistan, the businesses in general and retail sector in particular is facing an unprecedented challenge arising out of situation due to COVID-19. Initially, it was expected to be a short term aberration. However, the situation has not only persisted for far longer than anticipated but also the associated uncertainties continue unabated. The Government's decision to shut down shopping malls from March 18, 2020 till May 19, 2020, has aggravated the difficulties faced by Mall tenants. These businesses, while complying with the Government's directives have lost their entire revenue stream from these retail outlets. Similarly, amidst this pandemic, a number of office-building tenants are promoting the culture of work-from-home and considering it unsafe to return to office premises as per their health and safety standards. Even when the Malls were allowed to reopen, tenants were not able to restore their businesses fully and their sales were significantly impacted due to curbs and SOP's placed by the provincial government.

The mall management responded by intensifying customer engagement through digital platforms to encourage footfall and retail sales upon reopening with the implementation of prescribed customer safety protocols. Efforts were also intensified to strengthen the valuable, long-term tenant relationships by proactive negotiations to support tenant retention in these challenging times. Tenants at both the Dolmen City Mall and the Harbour Front office buildings were provided with rental waivers from month to month after carefully assessing the overall situation. Consequently, the Company has continued to provide waivers to its tenants which resulted in decrease of rental income approximately by Rs. 277 million during the six months period ended December 31, 2020.

As a result of tight control measures, efforts to curtail the spread of virus have been successfully enabled businesses to recover and with professional property management, extensive marketing activities and renowned tenants, the Scheme remains confident that the Dolmen City Mall and the Harbour Front will remain the destination of choice for shoppers, retail operators and corporations alike.

23. NON ADJUSTING EVENT AFTER THE DATE OF CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

The board of directors of the RMC in their meeting held on 20 January 2021 have declared and approved an interim cash dividend for the six months period ended 31 December 2020 of Re. 0.33 per unit amounting to Rs. 733.821 million. These condensed interim financial statements do not include the effect of above announcement which will be accounted for in the period in which it is approved.

24. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the REIT Management Company on 20 January 2021.



Chief Financial
Officer



Chief Executive
Officer



Director