

**INVESTING TODAY FOR A
PROSPEROUS TOMORROW**

DOLMEN CITY REIT

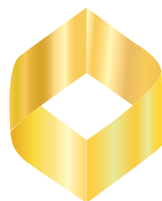
**QUARTERLY REPORT FOR THE PERIOD ENDED
30 SEPTEMBER 2021**



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

**INVESTING
TODAY FOR A
PROSPEROUS
TOMORROW**





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 2015. 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.



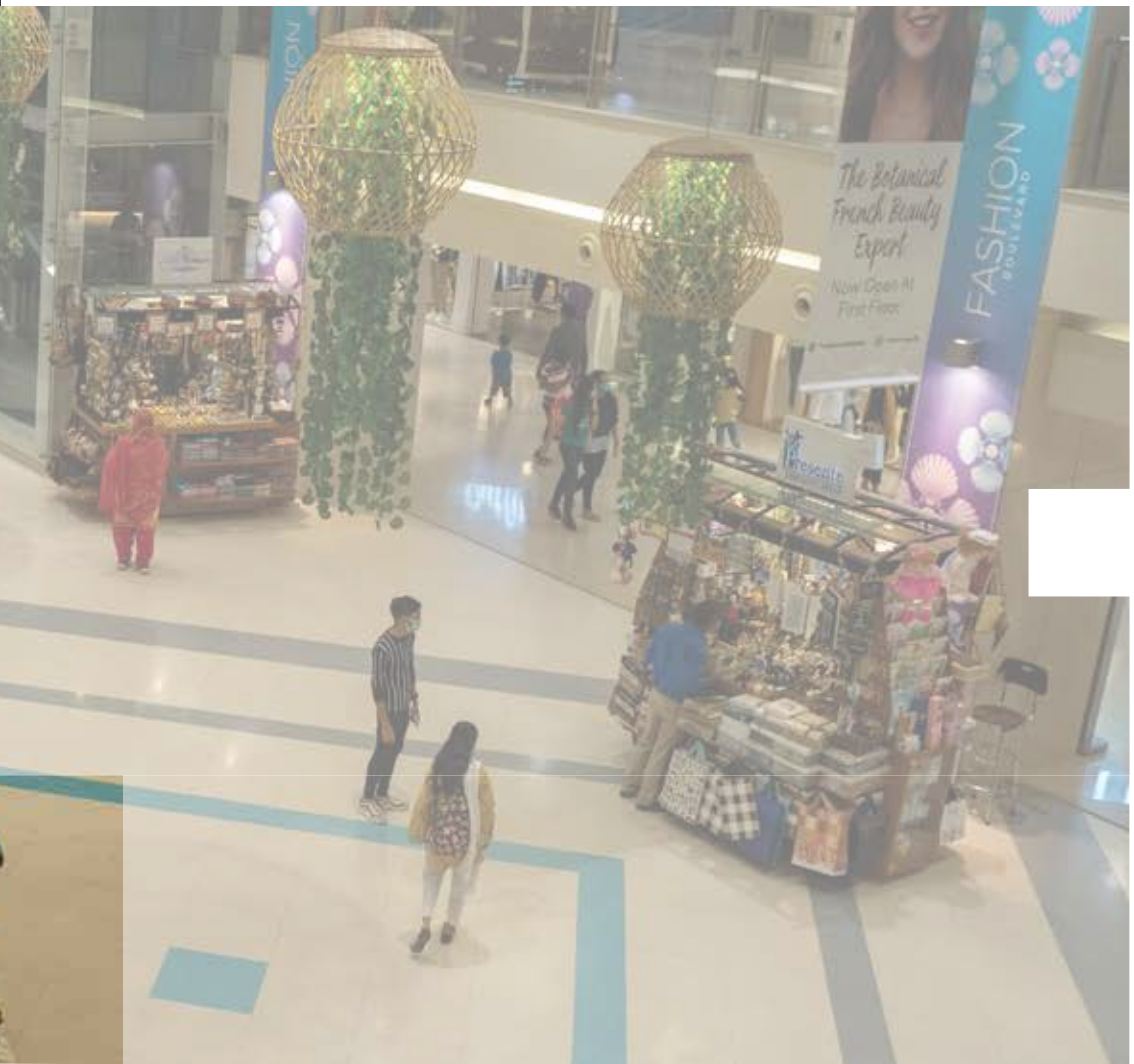


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SCHEME'S INFORMATION

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. Razi Haider Mr. Muneer Gader	CFO & Company Secretary 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 National Bank of Pakistan	
External Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No 2 Beaumont Road, Civil Lines, Karachi, 75530	
Internal Auditors	Junaidy Shoaib Asad & Co. Chartered Accountants 1/6-P, P.E.C.H.S., Mohtrama 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 (Private) 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' 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 Director's Review report of Dolmen City REIT (DCR) - the Scheme, for the first quarter ended September 30, 2021 of financial year 2021-22.

Overview

FY2022 is predicted to be an year of moving back to normal life as last year was a challenging year for consumer sentiments and, resultantly, for the economy owing to the ongoing COVID-19 pandemic. By prudently implementing robust measures, Pakistan has effectively controlled infection cases and has catalysed economic recovery.

DCR continues to deliver strong results. DCR's performance, property management and its 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 and Shariah compliance certification by the Shariah advisor.

Response to the Outbreak of COVID-19

The spread of Coronavirus across the globe had caused disruptions to all businesses and economic activities. In Pakistan also the retail sector faced an unprecedented challenge with lock-down imposed in all places of business. However the situation has been returning back to normal with vaccines coming into play.

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 September 2021 are as follows:

Month	Dolmen Mall Clifton	The Harbor Front
July	0%	0%
August	25%	0%
September	0%	0%

Note: The above discount will not apply to operational tenants who are providing essential services. Discount to food outlets and entertainment areas vary based on the resumption of their businesses in line with the directions of the government.

Financial Performance

During the period under review, DCR recorded rental income of **PKR 770.38 million** as compared to PKR 602.78 million in the corresponding period last year, an increase of 27.8%, which, is a result of gradual revival of economy from impacts of COVID-19. Marketing income was recorded at PKR 39.69 million as compared to PKR 16.94 million. Administrative and operating expenses during the period were 12.74% of rental income at PKR 98.17 million. Net Operating Income 'NOI' for the period was recorded at **PKR 711.89 million** as compared to PKR 519.62 million in the corresponding period with an increase of 37%. Profit on deposits for the period were recorded at PKR 22.12 million as compared to PKR 18.31 million in the corresponding period.

Profit for the period was recorded at **PKR 705.86 million**, increased by **27.4%** from PKR 554.13 million in the corresponding period. DCR is a pass-through entity for tax purposes and not liable to income tax

provided it meets certain conditions. The profit translates into earnings of **PKR 0.3174 per unit** for the quarter, against **PKR 0.2492 per unit** in the corresponding period.

Operational Performance

DCR's real estate has witnessed consistent occupancy levels since inception in 2015. Occupancy at the end of September 2021 was 94.6% (June 30 2021: 94.7%).

While rent waivers provided by the management resulted in lower rental income we view this as an investment and look forward to more robust performance in the coming quarters. 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 Sohaye, Lulusar, Tesoro 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 Debenhams, Hobo, and others.

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

Lease Occupancy	Leasable Area	Leased Area September, 2021	Vacant Area September, 2021	Occupancy%
		(in square feet)		
Dolmen Mall Clifton	547,924	530,263	17,661	96.8%
The Harbour Front	256,724	231,268	25,456	90%
Total	804,648	761,531	43,117	94.6%

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

Lease Occupancy	Leased Area September, 2021	Leased Area June, 2021	Occupancy variations	Occupancy Variation %
	(in square feet)			
Dolmen Mall Clifton	530,263	527,118	3,145	0.6%
The Harbour Front	231,268	234,946	(3,678)	(1.6%)
Total	761,531	762,064	(533)	(0.1%)

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 Quarter ended September 30, 2021		
Month	*Daily Average	Month
July	20,179	484,302
August	21,380	320,693
September	18,982	493,531

* Calculated on basis of operational days.

The Property Manager played an instrumental role in maintaining the goodwill and brand image of Dolmen City and enticed Karachiites to visit, shop and be part of the Dolmen Mall experience.

Eid Ul Adha:

Eid Ul Adha is one of the most auspicious religious festival across the country. The word itself translates to the festival of sacrifice. The purpose of the campaign is to infuse the festivities of Eid in mall through thematic ambiance and to take the opportunity of high footfall days to enhance and improve customer. This year the mall went into the extensive thematic decorations.

Independence Day:

14th August, Independence Day celebrations is one of the most important and anticipated event every year in all the Dolmen Malls. However this year, due to crisis

and government restrictions, we held comparatively low celebrations. To ensure all SOPs, we limited the event to photo-ops & thematic mall ambiance and cancelled all engagement options. The plan was to give a smile and patriotic feel to our customers during such a time. The customers were given chance to win exciting prizes through the lucky draws and social media of Dolmen Malls.

Defense Day:

6th September- Defense Day is celebrated in memory of the sacrifices the Pakistani armed forces made in the war of 1965. We had celebrated the event with full zeal and enthusiasm by utilizing the current decorations and setups of Independence day wisely. The activities that took place during the events were:

- Typography Photo Exhibition
- Kids Art Competition

Dolmen Wheels on Show:

The Dolmen Wheels on Show turned out to be the most interactive event of the 2021. Despite the COVID fear, 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, and other motor vehicles throughout the Mall to invite & engage Auto Fans and enthusiastic to provide them with an opportunity to explore different car services brands, vintage cars exhibition, luxury bikes & cycles options under one roof.

The event consisted the below:

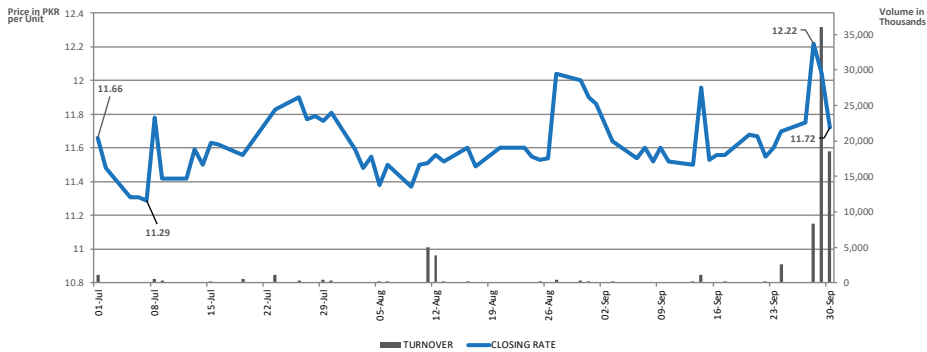
- Display of super & vintage classic cars
- Cars Accessories
- Display of super bikes
- Spin the wheel and win lucky prizes

Stock Performance

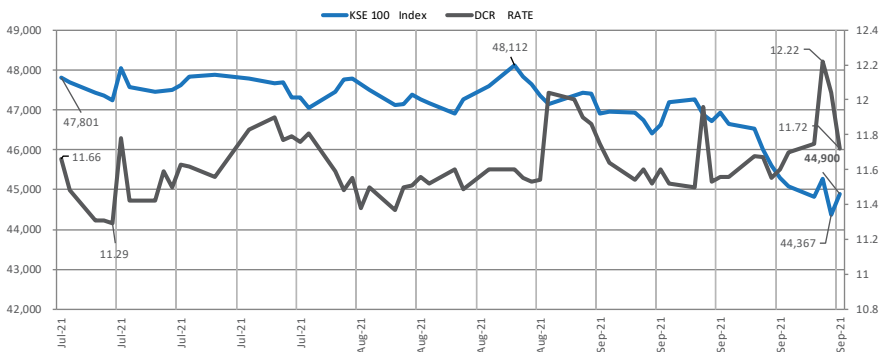
During the quarter under review, the stock of 'DCR' traded at an average unit price of **PKR 11.63** and touched a high of **PKR 12.22** and a low of **PKR 11.29** per unit. During the same period KSE100 index moved in the range between **44,366.74** to **48,112.21**. The stock of DCR remained stable with beta of **0.61** (which means for every 1 rupee change in the value of a share in the benchmark; DCR price would likely change by only **0.61** paisa, beta here represents low volatility and elasticity).

The Net Asset Value 'NAV' per Unit of DCR is **PKR 25.81** at the quarter ended on 30 September 2021 and was **PKR 25.82** as at 30 June 2021. DCR on its closing unit price of **PKR 11.72** on 30 September 2021 traded at a discount of **54.6%** to its NAV.

Stock Market performance of DCR Unit
July 2021 to Sep 2021



DCR versus KSE 100 Index
(July 2021 to September 2021)



Dividend Distribution

The board of directors have declared and approved an interim cash dividend for the quarter ended 30 September 2021 at **PKR 0.33 per unit**. It will translate into annual dividend yield of 13.2%. 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 Friday, 29 October 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 the last year however have placed real estate demand under pressure with rising cost of doing business, currency devaluation and uncertainty over real estate tax legislation. This was exacerbated by the economic slowdown caused by the onset of Coronavirus.

The supply of both office and retail space has remained slow with planned augmentation mostly stalled due to caveats introduced by Sindh High Court on land use conversion from residential designations to commercial. As such, developments are expected to proceed only on 'by birth' commercial properties. As such, we do not see competitive augmentation to supply during the upcoming fiscal year.

Financial institutions have been the major demand generators for office space and this demand has been channelled to dedicated, self-occupied developments.

With potential addition to supply stalling in the planning and construction phases, DCR office and retail components are considered to be the best managed commercial real estate in the country and demand is expected to remain steady.

Outlook

As the government eases restrictions on public developments, both office and retail with the comprehensive prescribed SOPs in place, economic tightening is also seen to start easing up as businesses are given relief in terms of taxation and ease of operations. Several incentives are proposed and introduced to support the economy which we anticipate being translated to more demand for office space.

With professional property management, long lease expiries, extensive marketing activities, a healthy tenant mix and strong landlord tenant relationships and support during COVID times, we remain confident that Dolmen City will remain the destination of choice for shoppers, retail operators and corporations alike.

Going forward, rental escalations would be the prime revenue driver with the mall at optimal occupancy. 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



Nasim Beg
Chairman

Karachi
18 October 2021

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED****Head Office:**

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-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 quarter ended September 30, 2021.

We would like to draw the attention of the unit holders towards the fact that gross revenue earned are lower than the revenue projections given in the business plan for the quarter ended September 30, 2021 due to multiple COVID discounts given by the Management Company to maintain tenant occupancy level.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 28, 2021



**Condensed Interim Financial
Statements For The Three Months
Period Ended 30 September 2021**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	Unaudited 30 September 2021	Audited 30 June 2021
(Rupees in '000)			
ASSETS			
Non - current assets			
Total non - current assets - Investment property	6	56,334,197	56,334,197
Current assets			
Rent receivables	7	191,979	160,917
Short term deposit, prepayments and other assets	8	227,534	206,607
Profit accrued		4,189	7,489
Short-term Investment	9	1,040,729	640,729
Bank balances	10	307,506	734,285
Total current assets		1,771,937	1,750,027
Total assets		58,106,134	58,084,224
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		35,159,094	35,187,053
Total unit holders' fund		57,396,094	57,424,053
Liabilities			
Non - current liabilities			
Security deposits		257,665	245,671
Total non - current liabilities		257,665	245,671
Current liabilities			
Payable to REIT management company	11	25,820	25,113
Security deposits		165,423	160,312
Accrued expenses and other liabilities	12	248,883	217,275
Unclaimed dividend		12,249	11,800
Total current liabilities		452,375	414,500
Total unit holders' fund and liabilities		58,106,134	58,084,224
(Rupees)			
Net assets value per unit		25.81	25.82

CONTINGENCIES AND COMMITMENTS

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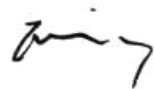
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Note	30 September 2021	30 September 2020
(Rupees in '000)			
Rental income		770,383	602,781
Revenue from marketing activities		39,687	16,943
		810,070	619,724
Administrative and operating expenses	14	(98,174)	(100,101)
Net operating income		711,896	519,623
Other income	15	22,121	55,057
		734,017	574,680
Management fee	11.1	(21,357)	(15,589)
Sindh Sales Tax on management fee	11.1	(2,776)	(2,027)
Trustee remuneration	12.1	(3,559)	(2,598)
Sindh Sales Tax on trustee remuneration	12.1	(463)	(338)
		(28,155)	(20,552)
Profit before taxation		705,862	554,128
Taxation	16	-	-
Profit after taxation		705,862	554,128
------(Rupees)-----			
Earnings per unit - Distributable income		0.3174	0.2492
Earnings per unit - Undistributable income / Unrealised fair value gains		-	-
Earnings per unit - Basic and diluted	18	0.3174	0.2492

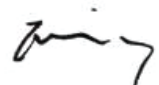
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Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	30 September 2021 (Rupees in '000)	30 September 2020
Profit after taxation for the period	705,862	554,128
Other comprehensive income	-	-
Total comprehensive income for the period	705,862	554,128

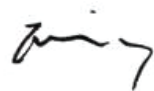
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Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Note	30 September 2021	30 September 2020
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		705,862	554,128
Adjustments for non cash items:			
Profit on deposits	15	(22,121)	(18,308)
Reversal of accruals - expenses no more payable	15	-	(36,749)
		683,741	499,071
Working capital changes			
(Increase) / decrease in current assets			
- Rent receivables		(31,062)	6,666
- Short term deposit, prepayments and other assets		(19,789)	(7,790)
Increase / (decrease) in current liabilities			
- Payable to the REIT management company		707	10,963
- Security deposits received- net		17,105	3,872
- Accrued expenses and other liabilities		31,608	(76,687)
Cash generated from operations		682,310	436,095
(Tax withheld) / tax refunds net		(1,138)	63,123
Net cash generated from operating activities		681,172	499,218
CASH FLOWS FROM INVESTING ACTIVITIES			
- Profit on deposits received		25,421	22,912
- Short-term investments		40,729	-
Net cash generated from investing activities		66,150	22,912
CASH FLOW FROM FINANCING ACTIVITY			
Net cash used in financing activities - Dividend paid		(733,372)	(447,895)
Net increase in cash and cash equivalents during the period		13,950	74,235
Cash and cash equivalents at beginning of the period	19	1,334,285	1,113,362
Cash and cash equivalents at end of the period	19	1,348,235	1,187,597

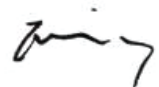
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Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

	Issued, subscribed and paid up Unitholders' fund	Reserves			Total	Unit holders' fund
		Capital Reserves		Revenue Reserves		
		Premium on issue of units - net	Fair Value Reserve Note 18.1.1	Unappropriated profit		
(Rupees in '000)						
Balance as at 30 June 2020	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)
Total comprehensive income for the period - profit for the period	-	-	-	554,128	554,128	554,128
Balance as at 30 September 2020	22,237,000	281,346	28,176,476	696,939	29,154,761	51,391,761
Balance as at 30 June 2021	22,237,000	281,346	34,097,197	808,510	35,187,053	57,424,053
Transactions with owners						
Cash dividend for the year ended 30 June 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Total comprehensive income for the period - profit for the period	-	-	-	705,862	705,862	705,862
Balance as at 30 September 2021	22,237,000	281,346	34,097,197	780,551	35,159,094	57,396,094

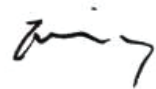
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Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dolmen City REIT (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 & 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. The Scheme 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 ended 30 September 2021 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principle of Shariah.

- 1.2 The Scheme started its commercial activities on 01 June 2015. The Scheme is the subsidiary of International Complex Projects Limited (ICPL). As at 30 September 2021, ICPL directly holds 75 percent units of the Scheme. The Board of Directors of the ICPL in its meeting held on March 02, 2021 has approved the reorganization / re-arrangement of the Dolmen Group comprising restructuring of ICPL. The arrangement shall become effective on 01 July 2021 or any other date approved by the Court as per order passed by the High Court of Sindh. The Court order is pending to date and when the arrangement is effective, the units held by ICPL shall be transferred to its associated undertakings as envisaged in the said Scheme.

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. The accounting and reporting standards comprise of

- International Accounting Standard 34 "Interim Financial Reporting" (IAS - 34)
- Provisions of and directives issued under the Companies Act, 2017 and Part VIIIA 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, 2015 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 2021. 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.

The comparatives in the condensed interim statement of financial position as at 30 September 2021 have been extracted from the audited financial statements of the Scheme for the year ended 30 June 2021, 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 three months period ended 30 September 2020.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

2.2 Basis of measurement

This 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

This condensed interim financial statements have been 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 financial statements for the year ended 30 June 2021 except for certain accounting and reporting standards which became effective for annual period beginning on or after 01 July 2021. In addition to this certain amendments to existing accounting and reporting standards and interpretations also became effective for the period beginning on or after 01 July 2021 however the new accounting and reporting standards or amendments to existing accounting and reporting standards or interpretations are either not relevant or not having significant impact on these condensed interim financial statements.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements 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 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 preceding financial statements of the Scheme as at and for the year ended 30 June 2021.

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 as at and for the year ended 30 June 2021.

6 INVESTMENT PROPERTY

	Note	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
Carrying amount at beginning of the period		56,334,197	50,413,476
Add: Change in fair value of investment property			
- unrealised gain		-	5,920,721
Carrying amount at end of the period	6.1	<u>56,334,197</u>	<u>56,334,197</u>

- 6.1 The Investment property comprises of the buildings named as the "DOLMEN CITY MALL" and the "HARBOUR FRONT", comprising of two Basements (460,438 square feet), Ground floor (241,052 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) 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

The investment property has been valued by Tristar International Consultant (Private) Limited ('the Valuer') as at 30 June 2021 and as at 31 December 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 of are summarised below:

	30 June 2021	31 December 2020
	(Rupees in 000)	
Cost approach	33,165,329	31,289,284
Sales comparison approach	70,951,198	66,309,531
Income capitalisation approach - using capitalisation rate of 6% (31 December 2020: 6%)		
(a) Valuer's assessment of rental income	57,168,543	55,227,481
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area	56,334,197	52,541,347

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 weakness of various approaches and explicitly state the approach that is most appropriate for the REIT Scheme. The valuer in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "income capitalisation approach" is the most appropriate approach used for income producing properties i.e. rental properties. The valuer has determined two values under income capitalisation approach as stated above, however recommended that the valuation on the projected 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 financial statements under income capitalisation approach using 6% capitalisation rate on projected NOI based on the existing rental agreements and expected rent for the vacant area.

The forced sales value of the investment property is assessed to be Rs. 56,760.959 million (31 December 2020: Rs.53,047.625 million).

The fair value measurement for the investment property has been categorised within 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 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 2021.

	30 June 2021	
	Change in input	Effect on fair value (Rupees in '000)
- Projected income (based on existing leasing contracts)	+ 5%	3,308,165
- Projected income (based on existing leasing contracts)	- 5%	(3,308,165)
- Projected operating costs	+ 5%	(491,455)
- Projected operating costs	- 5%	491,455
- Capitalization rate	+ 1%	(8,047,742)
- Capitalization rate	- 1%	11,266,839

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

7	RENT RECEIVABLES - Unsecured		Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
	Rent receivables		233,134	202,072
	Loss allowance		(41,155)	(41,155)
			<u>191,979</u>	<u>160,917</u>
8	SHORT TERM DEPOSIT, PREPAYMENTS AND OTHER ASSETS			
	Unsecured - Considered good			
	Security deposit		959	959
	Prepayments and advances		21,306	1,517
	Advance tax		205,269	204,131
			<u>227,534</u>	<u>206,607</u>
	Considered doubtful - unsecured		4,728	4,728
			<u>232,262</u>	<u>211,335</u>
	Less: Provision for doubtful balances		(4,728)	(4,728)
			<u>227,534</u>	<u>206,607</u>
9	SHORT-TERM INVESTMENTS			
	These represent term deposit receipts with Islamic banks and carry expected profit rates ranging from 6.75% to 7.5% (June 30, 2021: 6.75% to 7.3%) per annum with maturities ranging from one to six months. These also include security deposits received by the Scheme from tenants which are kept in a separate bank account.			
10	BANK BALANCES	Note	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
	Saving accounts	10.1	<u>307,506</u>	734,285
			<u>307,506</u>	<u>734,285</u>
10.1	This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.50% to 7.15% (30 June 2021: 2.52% to 6.9%) per annum.			
11	PAYABLE TO REIT MANAGEMENT COMPANY	Note	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
	Management fee payable		21,358	20,731
	Sindh Sales Tax		4,462	4,382
		11.1	<u>25,820</u>	<u>25,113</u>
11.1	Under the provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding 3% percent of Net Operating Income (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 tax rate is 13% being effective from 1 July 2016.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

12 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
Trustee remuneration	12.1	4,022	15,054
Provision for government levies		128	-
Monitoring fee payable to SECP		27,796	22,237
Payable to associated undertakings	12.2	29,148	22,444
Unearned rental income		102,745	75,038
Sales tax and withholding income tax		46,023	45,093
Federal Excise Duty	12.3	11,980	11,980
Takaful fee		4,900	1,781
Shariah advisory fee		124	124
Accrued expenses		15,830	16,134
Other liabilities		6,187	7,390
		248,883	217,275

12.1 The Trustee is entitled to an annual remuneration for services rendered upto 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. 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 1 July 2016.

12.2 Payable to Associated undertakings	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
- International Complex Projects Limited	1,819	1,819
- Dolmen Real Estate Management (Private) Limited		
- Property Manager	27,329	20,625
	29,148	22,444

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 SHC through its order dated 2 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.

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 2 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 the provision in this regard. As a matter of abundant caution, without prejudice to the above, an accumulated provision of Rs. 11.980 million (30 June 2021: 11.980 million) has been maintained in the Scheme's Financial Statements.

13 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in the preceding annual audited financial statements as at and in the year ended 30 June 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

14 ADMINISTRATIVE AND OPERATING EXPENSES	Unaudited 30 September 2021	Unaudited 30 September 2020
	(Rupees in '000)	
SECP Monitoring fee	5,559	5,559
Property management fee	52,186	38,707
Ancillary income collection fee	6,381	4,004
Common area maintenance charges	8,216	14,667
Legal and professional charges	2,883	11,923
Marketing expenses	5,787	5,201
Renovation expense	4,234	11,077
Shariah advisory fee	62	62
Utility expenses	204	206
Takaful fee	6,884	4,285
Property and advertisement taxes	4,361	3,119
Auditors' remuneration	651	651
Others	766	640
	<u>98,174</u>	<u>100,101</u>
15 OTHER INCOME		
Profit on deposit	22,121	18,308
Reversal of accrual of renovation and marketing expenses	-	36,749
	<u>22,121</u>	<u>55,057</u>

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.

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 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash to avail the exemption. Accordingly, no tax provision has been made in these condensed interim financial statements for the period ended 30 September 2021.

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 Consultant (Private) Limited being Valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private) Limited, being Property Manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors and 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 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 conflicts 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:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

17.1 Transactions during the period:

	Unaudited 30 September 2021 (Rupees in '000)	Unaudited 30 September 2020
International Complex Projects Limited - Holding Company		
- Rental income	14,077	10,024
- Dividend paid	550,366	333,555
Dolmen Real Estate Management (Private) Limited - Associate due to common directorship		
- Common area maintenance charges	8,216	14,667
- Common area maintenance paid	6,762	21,681
- Expenses incurred on behalf of Scheme	12	202
- Reversal of accrual	-	5
- Reimbursement of expenses incurred on behalf of Scheme	301	197
Retail Avenue (Private) Limited - Associate due to common directorship		
- Rental income	2,429	1,726
Sindbad Wonderland (Private) Limited - Associate due to common directorship		
- Rental income	1,008	5,460

17.2 Amounts outstanding as at period end

	Unaudited 30 September 2021 (Rupees in '000)	Audited 30 June 2021
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 - Associate due to common directorship		
- Common area maintenance charges	3,542	2,088
- Expenses payable incurred on behalf of Scheme	1,493	1,782
- Payable of withheld security deposit of tenants	458	458
Retail Avenue (Private) Limited - Associate due to common directorship		
- Rent receivable	66	66
Sindbad Wonderland (Private) Limited - Associate due to common directorship		
- Rent receivable	466	2,028

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

18 EARNINGS PER UNIT - BASIC AND DILUTED

	Note	Unaudited 30 September 2021 (Rupees in '000)	Unaudited 30 September 2020
Profit after taxation		705,862	554,128
----- (Number of Units) -----			
Weighted average number of ordinary units during the period		2,223,700,000	2,223,700,000
----- (Rupees) -----			
Earnings per unit - Basic and diluted	18.1	0.3174	0.2492

18.1 Earnings per unit comprises as follows:

Distributable income - earnings per unit		0.3174	0.2492
Undistributable unrealised fair value gains - earnings per unit	18.1.1	-	-
		0.3174	0.2492

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 fair value gain is not distributable.

	Note	(Unaudited) 30 September 2021 (Rupees in '000)	(Audited) 30 June 2021
19 CASH AND CASH EQUIVALENTS			
Short-term investment	9	1,040,729	600,000
Bank balances	10	307,506	734,285
		1,348,235	1,334,285

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 investment property is shown under note no. 6.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2021

21 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 businesses, while complying with the Government's directives, have lost their entire revenue stream from the 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 building were provided with rental waivers from month to month after carefully assessing the overall situation. Consequently, the Scheme has continued to provide waivers to its tenants which resulted in decrease of rental income approximately by Rs. 167.23 million during the period ended September 30, 2021.

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

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors of the RMC in their meeting held on 18 October 2021 have declared and approved an interim cash dividend for the quarter ended 30 September 2021 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.

23 DATE OF AUTHORISATION FOR ISSUE

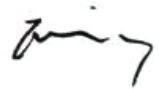
These condensed interim financial statements were authorised for issue by the Board of Directors of the RMC on 18 October 2021.



Chief Financial Officer



Chief Executive Officer



Director



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

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