

**Arif Habib Dolmen REIT  
Management Limited**

Condensed Interim Financial Information  
for the Nine months period ended  
**March 31, 2019**



## **Arif Habib Dolmen REIT Management Limited**

### **Directors' Report**

### **For the Quarter ended March 31, 2019**

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The Board of Directors of Arif Habib Dolmen REIT Management Limited (RMC) are pleased to present the condensed interim financial information of the Company for the quarter ended on March 31, 2019.

#### **Operational and Financial Results**

Dolmen City REIT (the Scheme), remained the main source of RMC's income. However the Company also earned income from advisory services during the current period. The Scheme's Net Operating Income over the period has shown a growth of **11.28%** amounting to **PKR 2,262.4** million as compared to PKR 2,033.04 million during the corresponding period. With the increase in profitability of the Scheme, the RMC earned a management fee amounting to **PKR 76.695** million as compared to PKR 68.92 million during the corresponding period. In addition to this the Company earned **PKR 10.17** million from advisory services during the current period.

The administrative expenses for the period were **PKR 32.23 million** as compared to PKR 34.23 million during the corresponding period last year, which resulted in gross profit for the period amounting to **PKR 44.63 million**. The profit after tax for the period remained at **PKR 32.538 million** as compared to loss of PKR 142.811 million in the corresponding period. The loss in the corresponding period last year pertain to loss arising on disposal of security amounting to PKR 93.10 million and interest on amortized cost amounting to PKR 58.76 million. Last year the company had settled the outstanding loan by disposal of its investment in units of DCR, therefore no such loss or interest on amortized cost affected the financial results of the company for the period under consideration.

#### **Future outlook**

The SECP has amended REIT Regulations in December 2018 which will pave way for new REITs to be listed in the capital markets. We are positively looking forward to the momentum building up for industry adoption of this instrument; the overhauled regulations addresses key impediments and industry concerns through allowing REITs to borrow, transfer of real estate in the name of REIT Trustee post financial close, allowing private REITs to be formed and removing mandatory Unit holding requirement for RMC among others.

REITs are an important investment vehicle for the documentation of real estate sector and deepening of capital markets, therefore it is vital that REITs are supported at all levels. The Finance Act 2018 rationalized the dividend taxation implicated from investment in REITs. However other amendments are necessary in the federal taxation regime implicated on REITs including restoration of Capital Gains taxation exemption (under section 99A of the Second Schedule of the ITO) and exemption from advance taxation (under section 236C and section 236K of the ITO) on transfers of property to and from REIT schemes (whereby property transfers in the name of REIT's Trustee is an additional step which is not required in any other form of organization).

It is important to note that in a real estate project, public money inevitably gets involved in the form of customer advances. Therefore, it is imperative that such business is undertaken by regulated corporate entities such as REITs. However, in order to promote them, it is essential that a level playing field is provided to investors and



sponsors when exposed to a REIT business compared with other forms of real estate business conducted in Pakistan and tax dis-advantages faced by REITs are removed. Provincial governments should rationalize the taxation and duties implicated on the transfer of immovable property to and from REITs (including the Capital Value Tax, Registration fee and Stamp Duty) as implicated in the province of Sindh.

#### **Related Party Transaction**

In order to comply with REIT Regulations and the Code of Corporate Governance, the RMC presented all related party transactions before the Audit Committee and Board for their review and approval.

#### **Acknowledgement**

The Board would like to thank the Securities and Exchange Commission of Pakistan and other business partners for their continued cooperation and support. We also appreciate the efforts put in by the management team to continue the pursuit zeal.

#### **For and on behalf of the Board**



**Muhammad Ejaz**  
Chief Executive  
April 18, 2019

Arif Habib Dolmen REIT Management Limited  
Condensed Interim Statement of Financial Position  
As at 31 March 2019

		Unaudited 31 March 2019	Audited 30 June 2018
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	6	507,025	526,467
Intangible assets	7	16,209	21,539
Long term deposit and receivable		2,376,000	2,376,000
Long term loans to employees		34,000	51,400
Formation cost receivable from the Scheme	8	-	50,339,537
Deferred tax		-	8,444,990
		<u>2,933,234</u>	<u>61,759,933</u>
<b>Current Assets</b>			
Mark-up accrued on bank deposits		96,169	4,292
Receivable from the Scheme	9	26,766,898	27,348,915
Current portion of formation cost receivable from scheme	8	50,339,537	54,915,860
Current portion of long term loan to employees and advances	10	8,885,174	8,314,303
Prepayment and other receivables	11	4,368,191	3,693,119
Short term investment		614	119,009
Cash and bank balances	12	112,847,762	16,746,028
		<u>203,304,345</u>	<u>111,141,526</u>
<b>Total Assets</b>		<u><u>206,237,579</u></u>	<u><u>172,901,459</u></u>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issues, subscribed and paid-up capital		200,000,000	200,000,000
Reserves		<u>(10,695,617)</u>	<u>(43,195,696)</u>
		<u>189,304,383</u>	<u>156,804,304</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liability		10,439	-
<b>Current Liabilities</b>			
Taxation-net		1,477,232	879,679
Accrued expenses and other payables	13	<u>15,445,525</u>	<u>15,217,476</u>
		<u>16,922,757</u>	<u>16,097,155</u>
<b>Contingencies and commitments</b>	14		
<b>Total Equity and Liabilities</b>		<u><u>206,237,579</u></u>	<u><u>172,901,459</u></u>

The annexed notes form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director



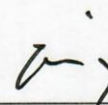
Arif Habib Dolmen REIT Management Limited  
Condensed Interim Statement of Profit or Loss (Un-audited)  
For the nine months period and quarter ended 31 March 2019

		<i>Nine months period ended</i>		<i>Quarter ended</i>	
	Note	31 March 2019	31 March 2018	31 March 2019	31 March 2018
		-----Rupees-----			
Revenue	15	76,872,540	60,991,320	23,687,520	20,565,510
Administrative expenses	16	(32,236,712)	(34,231,055)	(12,452,534)	(9,462,499)
		44,635,828	26,760,265	11,234,986	11,103,011
Loss on disposal of securities		-	(93,096,869)	-	-
Finance cost		(4,426)	(59,725,185)	(1,550)	(700)
		44,631,402	(126,061,789)	11,233,436	11,102,311
Other income		4,794,049	507,254	2,640,211	84,400
Other operating expense		-	(950,000)	-	-
<b>Profit / (loss) before taxation</b>		<b>49,425,451</b>	<b>(126,504,535)</b>	<b>13,873,647</b>	<b>11,186,711</b>
Taxation	17	(16,886,460)	(16,306,934)	(2,775,742)	(5,307,387)
<b>Profit / (loss) after taxation</b>		<b>32,538,991</b>	<b>(142,811,469)</b>	<b>11,097,905</b>	<b>5,879,324</b>
<b>Basic and diluted earning / (loss) per share (Rs. Per share)</b>		<b>1.63</b>	<b>(7.14)</b>	<b>0.56</b>	<b>0.29</b>

The annexed notes form an integral part of this condensed interim financial information.



Chief Executive Officer



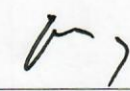
Director

Arif Habib Dolmen REIT Management Limited  
Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the nine months period and quarter ended 31 March 2019

	<i>Nine months period ended</i>		<i>Quarter ended</i>	
	<b>31 March</b>	31 March	<b>31 March</b>	31 March
	<b>2019</b>	2018	<b>2019</b>	2018
	<b>Rupees</b>			
<b>Profit / (loss) for the period</b>	<b>32,538,991</b>	(142,811,469)	<b>11,097,905</b>	5,879,324
Other comprehensive loss for the period	<b>(38,912)</b>	(203,464,616)	-	1,284
<b>Total comprehensive income / (loss) for the period</b>	<b>32,500,079</b>	(346,276,085)	<b>11,097,905</b>	5,880,608

The annexed notes form an integral part of this condensed interim financial information.

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director

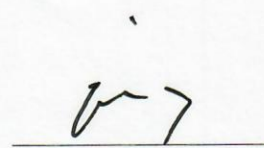


Arif Habib Dolmen REIT Management Limited  
Condensed Interim Statement of Cash Flow (Un-audited)  
For the nine months period ended 31 March 2019

Note	Nine months period ended	
	31 March 2019	31 March 2018
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	49,425,451	(126,504,535)
Adjustment for:		
Depreciation	132,422	159,921
Amortisation	5,330	7,956
Dividend income	(5,213)	-
Interest on amortized cost	-	58,674,798
(Gain) / loss on disposal of units	(34,663)	93,096,869
Mark-up on long term loan	-	1,040,899
Mark-up on bank deposit	(4,754,173)	(507,254)
	(4,656,297)	152,473,189
Cash generated from operating activities before working capital changes	44,769,154	25,968,654
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets		
Receivable from scheme	582,017	(1,310,797)
Current portion of long term loan to employees and advances	(570,871)	(5,636,858)
Prepayments and other receivables	(675,072)	(3,815,542)
	(663,926)	(10,763,197)
Increase / (decrease) in current liabilities		
Accrued expenses and other payables	228,049	(1,572,595)
Cash generated from operations	44,333,277	13,632,862
Long term loan to employees	17,400	7,000
Markup paid	-	(1,170,970)
Taxes paid	(7,833,478)	(7,487,769)
Net cash generated from operating activities	36,517,199	4,981,123
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Formation cost received from scheme	54,915,860	54,915,860
Acquisition of property and equipment	(112,980)	(35,000)
Investments in units of Pakistan Cash Management Fund	(4,431)	-
Dividend received	5,213	-
Proceeds' from disposal of investments	118,577	-
Markup received	4,662,296	519,143
Net cash generated from investing activities	59,584,535	55,400,003
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities - Repayment of long term loan	-	(65,000,000)
Net increase / (decrease) in cash and cash equivalents	96,101,734	(4,618,874)
Cash and cash equivalents at beginning of the period	16,746,028	16,468,698
Cash and cash equivalents at end of the period	112,847,762	11,849,824

The annexed notes form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Director

Arif Habib Dolmen REIT Management Limited  
Condensed Interim Statement of Changes in Equity (Un-audited)  
For the nine months period ended 31 March 2019

	Share Capital	Reserves		Total
		Capital	Revenue	
		Fair Value Reserves	Unappropriated profits	
-----Rupees-----				
Balance as at 30 June 2017	200,000,000	203,502,196	93,048,407	496,550,603
Total comprehensive loss for the period				
Loss after taxation			(142,811,469)	(142,811,469)
Other comprehensive loss		(203,464,616)		(203,464,616)
Total comprehensive loss for the period	-	(203,464,616)	(142,811,469)	(346,276,085)
Balance as at 31 March 2018	200,000,000	37,580	(49,763,062)	150,274,518
Balance as at 30 June 2018	200,000,000	38,912	(43,234,608)	156,804,304
Total comprehensive income for the period				
Profit after taxation			32,538,991	32,538,991
Other comprehensive loss		(38,912)		(38,912)
Total comprehensive income for the period	-	(38,912)	32,538,991	32,500,079
Balance as at 31 March 2019	200,000,000	-	(10,695,617)	189,304,383

The annexed notes form an integral part of this condensed interim financial information.

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director



# Arif Habib Dolmen REIT Management Limited

## Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 31 March 2019

### 1 STATUS AND NATURE OF BUSINESS

Arif Habib Dolmen REIT Management Limited (the Company) was incorporated in Pakistan as a public limited company (un-quoted) on April 08, 2009 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The Company is a REIT Management Company, registered under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, with the Securities and Exchange Commission of Pakistan (SECP). The Certificate for commencement of business was obtained from SECP on September 07, 2009. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi, Pakistan.

The Company has been established with exclusive objective to launch Real Estate Investment Trust (REIT) Schemes and provide REIT management services in accordance with the Real Estate Investment Trust Regulations, 2015. The Company is rated AM2 (RMC) by JCR-VIS Credit Rating Company Limited.

#### 1.1 Summary of Significant transactions

There were no significant transactions during the period to be reported.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

This condensed interim financial statements have been prepared in accordance with the provisions of and directives issued under the Companies Act, 2017, Part VIII A of repealed Companies Ordinance 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 (the NBFC Rules 2003), the Real Estate Investment Regulations 2015 and the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board as notified under the Companies Act, 2017, Part VIII A of repealed Companies Ordinance 1984. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017, the NBFC Rules 2003, the REIT Regulations 2015 have been followed.

This condensed interim financial statement does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

This condensed interim financial statement is unaudited and is being submitted to the members of the Company as required under section 237 of the Companies Act, 2017.

#### 2.2 Accounting convention

This condensed interim financial statement has been prepared under the historical cost convention except as otherwise disclosed in these notes.

#### 2.3 Functional and presentation currency

Items included in these condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency, unless otherwise stated.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial statement are the same as those applied in the preparation of the annual published audited financial statements of the Company for the year ended June 30, 2018.

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



#### 4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by management in the preparation of these condensed interim financial statements are same as those that were applied to the audited annual financial statements of the Company as at and for the year ended June 30, 2018.

#### 5 RISK MANAGEMENT

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no changes in any risk management policies since the year end.

#### 6 PROPERTY AND EQUIPMENT

Note

Unaudited  
31 March  
2019

Audited  
30 June  
2018

-----Rupees-----

Opening net book value	526,467	705,980
Additions during the period / year	112,980	35,000
	639,447	740,980
Less: Depreciation for the period / year	(132,422)	(214,513)
Closing net book value	507,025	526,467

#### 7 INTANGIBLE ASSETS

Balance as at 1 July	21,539	32,148
Less: Amortization during the year	(5,330)	(10,609)
Written down value as at	16,209	21,539
Amortization rate	33%	33%

#### 8 FORMATION COST RECEIVABLE FROM SCHEME

Formation cost of scheme	50,339,537	105,255,397
Less: Current portion shown under current asset	(50,339,537)	(54,915,860)
	-	50,339,537

8.1

8.1

These represent preliminary expenses paid by the company for launching of Dolmen City REIT in accordance with REIT regulation 2015. This is interest free and receivable in equal amount paid annually over period of five years.

#### 9 RECEIVABLE FROM SCHEME

Note

Unaudited  
31 March  
2019

Audited  
30 June  
2018

-----Rupees-----

Receivable from the scheme	9.1	26,766,898	27,348,915
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9.1 This represents receivable from the Scheme Rs.26.77 million (30 June 2018: Rs 25.09 million) in respect of management fee. Under the provisions of REIT Regulations 2015, RMC is entitled to an annual management fee not exceeding three percent of Net Operating Income (NOI) of scheme. Management fee becomes receivable on quarterly basis.



10	<b>CURRENT PORTION OF LONG TERM LOAN TO EMPLOYEES AND ADVANCES</b>	Note	Unaudited 31 March 2019	Audited 30 June 2018
			-----Rupees-----	
	Unsecured, considered good			
	Current portion of loans to employees		628,100	239,800
	Advances to:			
	Employees	10.1	8,257,074	8,074,503
			8,885,174	8,314,303
10.1	This includes advance to chief executive officer amounting to Rs 7.4 million (30 June 2018: Rs 7.4 million).			
11	<b>PREPAYMENTS AND OTHER RECEIVABLES</b>	Note	Unaudited 31 March 2019	Audited 30 June 2018
			-----Rupees-----	
	Prepayments		649,806	561,922
	Other receivable - Unsecured - Considered good			
	Javedan Corporation Limited - a related party		3,109,989	3,109,989
	Others		608,396	21,208
			3,718,385	3,131,197
			4,368,191	3,693,119
12	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		18,830	20,000
	Cash at bank			
	Term deposit receipt	12.1	100,000,000	-
	Saving accounts	12.2	12,828,804	16,725,900
	Current account		128	128
			112,828,932	16,726,028
			112,847,762	16,746,028
12.1	This represent term deposit receipt with Islamic bank and carry expected profit rate 11.0% per annum with maturity of one month.			
12.2	These carry markup at the rates ranging from 4.0% to 9.5% (30 June 2018: 4.0% to 5.0%) per annum.			
13	<b>ACCRUED EXPENSES AND OTHER PAYABLES</b>	Note	Unaudited 31 March 2019	Audited 30 June 2018
			-----Rupees-----	
	Preliminary expenses payable		522,410	522,410
	Withholding taxes payable		11,327	-
	Accrued expense	13.1	1,463,220	1,380,281
	Sales tax payable		13,443,273	13,309,490
	Others		5,295	5,295
			15,445,525	15,217,476
13.1	It includes Rs 0.12 million (30 June 2018: Rs 0.20 million) payable to a related party.			
14	<b>CONTINGENCIES AND COMMITMENTS</b>			
	There were no contingencies and commitments as at 31 March 2019.			
15	<b>REVENUE - FEE</b>			
			<i>Nine months period ended</i>	<i>Quarter ended</i>
	Note		31 March 2019	31 March 2018
			-----Rupees-----	
	Management fee	9.1	76,695,970	68,920,192
	REIT advisory fee		10,170,000	-
			86,865,970	68,920,192
	Sales tax		(9,993,430)	(7,928,872)
			76,872,540	60,991,320
			26,766,897	23,239,027
			585,000	
			27,351,897	23,239,027
			(3,664,377)	(2,673,517)
			23,687,520	20,565,510

16 **ADMINISTRATIVE EXPENSES**

	<i>Nine months period ended</i>		<i>Quarter ended</i>	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	<b>-----Rupees-----</b>			
Salaries, allowances and benefits	22,019,252	19,824,056	9,174,843	4,332,744
Legal and professional	1,725,657	1,458,117	732,479	543,871
Communication	359,487	333,173	108,975	94,134
Traveling	402,030	2,576,289	197,584	757,642
Office maintenance expense	1,461,005	2,146,423	321,728	535,277
Printing and stationery	188,521	147,173	56,885	64,148
Insurance	610,189	1,161,443	197,557	536,107
Depreciation	132,422	159,921	46,023	54,591
Amortisation	5,330	7,956	1,776	2,652
Auditors' remuneration	298,750	159,000	66,250	7,000
Others	1,151,022	1,813,826	256,166	653,790
Directors meeting fee	525,000	350,000	200,000	200,000
Training and membership expense	361,467	177,645	326,267	43,585
Advertisement expense	50,000	647,980	50,000	647,980
Rent expense	2,069,826	2,891,295	690,789	963,765
Professional tax	76,754	76,758	25,212	25,213
Feasibility fee	500,000	-	-	-
Donation	300,000	300,000	-	-
	<b>32,236,712</b>	<b>34,231,055</b>	<b>12,452,534</b>	<b>9,462,499</b>

17 **TAXATION**

Current				
- For the year	8,241,770	8,737,622	2,779,813	1,968,152
- Prior year	189,261	43,894	-	-
	<b>8,431,031</b>	<b>8,781,516</b>	<b>2,779,813</b>	<b>1,968,152</b>
Deferred	8,455,429	7,525,418	(4,071)	3,339,235
	<b>16,886,460</b>	<b>16,306,934</b>	<b>2,775,742</b>	<b>5,307,387</b>

18 **TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated undertakings, sponsors, directors and key management personnel. Transaction with related parties are carried out by the company at agreed terms with related parties. Details of transaction carried out with related parties if not disclosed elsewhere in these financial statement are as follows:

	<i>Nine months period ended</i>	
	31 March 2019	31 March 2018
	<b>-----Rupees-----</b>	
<b>Transaction during the period:</b>		
Rotocast Engineering Company (Private) Limited - (Associate company due to common directorship)		
Rent expense / paid	<b>2,069,826</b>	<b>2,891,295</b>



**Rotocast Engineering Company (Private) Limited -  
(Associate company due to common directorship)**

Payment of common shared expenses  
Administration charges  
Payment of administration charges

<i>Nine months period ended</i>	
<b>31 March</b>	<b>31 March</b>
<b>2019</b>	<b>2018</b>
<b>-----Rupees-----</b>	

<b>1,372,621</b>	<b>1,811,856</b>
<b>117,859</b>	<b>161,716</b>
<b>124,219</b>	<b>144,604</b>

**International Complex Projects Limited -  
(Associate company due to common directorship)**

Repayment of loan  
Sale of DCR units

<b>-</b>	<b>1,018,753,131</b>
<b>-</b>	<b>1,111,850,000</b>

**MCB Arif Habib Savings & Investment Limited -  
(Associate company due to common directorship)**

Employer's VPS contribution paid  
Purchase of units  
Receipt of dividend

<b>1,465,409</b>	<b>1,565,577</b>
<b>4,431</b>	<b>-</b>
<b>5,213</b>	<b>-</b>

**19 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on April 18, 2019 by the Board of Directors of the Company.

**20 GENERAL**

Figures have been rounded off to the nearest Rupee unless otherwise stated.



**Chief Executive Officer**



**Director**