

INVESTING TODAY FOR A PROSPEROUS TOMORROW DOLMEN CITY REIT



HALF YEARLY REPORT DECEMBER 31, 2022



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. Arif Habib Mr. Nadeem Riaz Mr. Naeem Ilyas Ms. Tayyaba Rasheed Mr. Muhammad Noman Akhter Mr. Abdus Samad A. Habib Mr. Faisal Nadeem Mr. Sajidullah Sheikh Mr. Muhammad Ejaz	Chairman Director Independent Director Independent Director Director Director Director Chief Executive Officer
Audit Committee	Mr. Naeem Ilyas Mr. Abdus Samad A. Habib Mr. Sajidullah Sheikh Mr. Muhammad Noman Akhter	Chairman Member Member Member
Human Resource & Remuneration Committee	Ms. Tayyaba Rasheed Mr. Abdus Samad A. Habib Mr. Sajidullah Sheikh Mr. Muhammad Ejaz	Chairperson Member Member 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

Junaidi 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

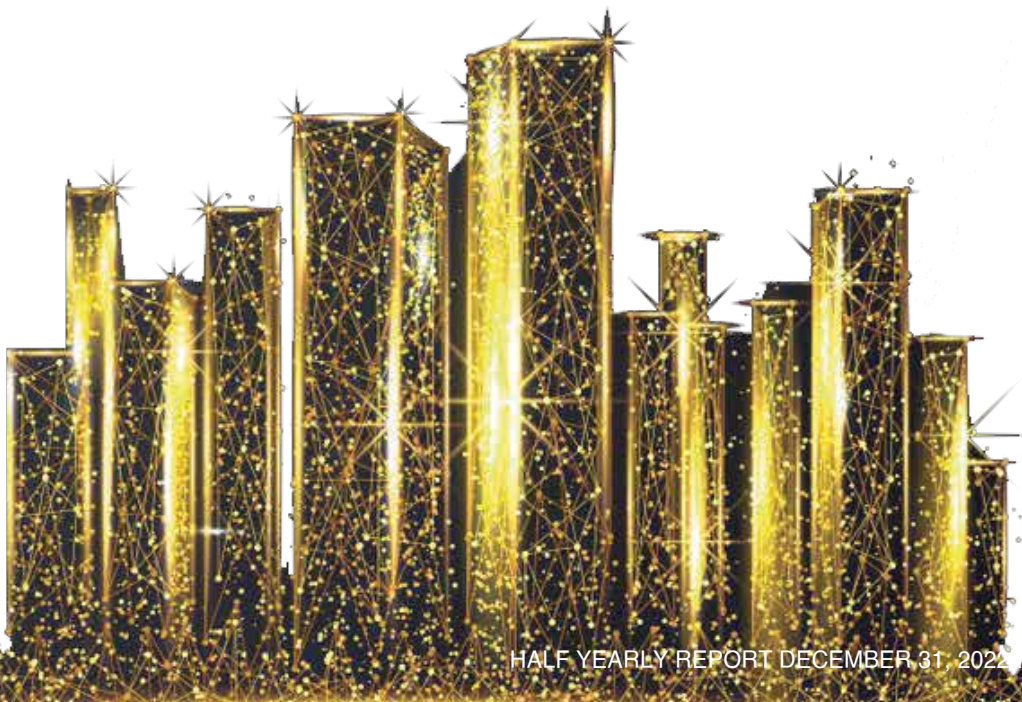
To be the landlord of choice

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 Directors' Review report of Dolmen City REIT (DCR) - the Scheme, for the half year ended December 31, 2022 of financial year 2022-23.

Financial and Operational Performance

Following table presents summary of financial performance of DCR for the half year ended 31st December 2022:

Description	Dec 22 PKR (millions)	Dec 21 PKR (millions)
Rental Income	2,055.58	1,659.75
Marketing Income	116.16	93.94
Administrative Expense	(291.05)	(247.74)
Net Operating Income	1,878.10	1,505.95
Profit on Deposit	112.63	48.76
Fair Value of Investment Property	488.21	1,751.33
Profit Before Tax	2,400.81	3,246.48

DCR has been able to maintain its occupancy levels above **98%**. As on December 31, 2022, the Weighted Average Lease Expiry 'WALE' based on the leasable area of Dolmen City Mall (68% of the total area) is around **2.11 years** and of the Harbour Front (32% of the total area) is around **3.56 years**.

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

Lease Occupancy	Leasable Area	Leased Area December, 2022	Vacant Area December, 2022	Occupancy %
Dolmen Mall Clifton	548,138	532,347	15,791	97.11%
The Harbour Front	257,162	257,162	-	100.0%
Total	805,300	789,509	15,791	98.03%

Changes in leased area during the six months, are as follows:

Lease Occupancy	Leased Area December, 2022	Leased Area June, 2022	Occupancy variations	Occupancy Variations %
Dolmen Mall Clifton	532,347	532,586	(239)	(0.044%)
The Harbour Front	257,162	256,510	652	0.25%
Total	789,509	789,096	413	0.052%

Marketing Activities

Dolmen City continues to be the most distinguished real estate in the city. The following table depicts that it enticed Karachi'ites to visit, shop and be part of the Dolmen Mall experience.

Footfall for the half year ended December 31, 2022		
Month	*Daily Average	Cummulative Monthly Footfall
July	18,377	569,702
August	19,499	604,481
September	20,434	613,027
October	21,251	658,776
November	22,417	672,524
December	28,724	890,457

* Calculated on basis of operational days.

Marketing and branding activities during the period under review kept the Mall bustling with healthy footfall during the half year.

The quarterly **Dolmen Magazine** kept patrons abreast of shopping festivals, event calendar, brand advertisements and discount offerings.

Activation Sales: Dolmen Mall conducted multiple activations in July and August, but the most creative and engaging activity was the COCACOLA activation. It provided a completely unique experience for customers, resulting in high engagement, footfall, and revenue. This activation was a huge success, attracting massive footfall and generating the highest revenue compared to other activations.

Back to School: 'Back to School' is the most anticipated and exciting event for Kids. This year the event was celebrated on the largest scale by collaborating with various Brands. Each brand set up interactive activities, games, and other happenings related to kids and gave away countless freebies throughout the event. The event was a fun and vibrant experience for customers at Dolmen Mall, providing an engaging and memorable experience for families shopping for back-to-school supplies.

Independence Day: 14th August marks the Independence Day celebrations, one of the most important and highly anticipated events of the year. The event creates a patriotic atmosphere in the mall, with thematic decorations, setups, photo-ops, and shopper rewards through giveaways. Customers have a memorable journey during this event, with Dolmen Mall providing a unique and engaging experience for families celebrating the national holiday.

Home Meets Style: Our event gives top furniture, decor, and home accessory brands a chance to showcase their products and connect directly with our customers. With lifestyle exhibitions, stalls, and discount offers, customers can find inspiration and get expert advice to create their dream homes. Our recent event during the high wedding season was a huge success, running from September 14th to 18th. We're proud to offer consultancy services to help customers make informed choices and create a personalized shopping experience.

Beauty Festival: The Event showcased the best brands from the beauty and personal care industry, providing customers with a unique opportunity to interact with experts and participate in activities to win gift hampers. The event also featured famous celebrities and bloggers, with the aim of enhancing customer loyalty and generating additional revenue for the mall.

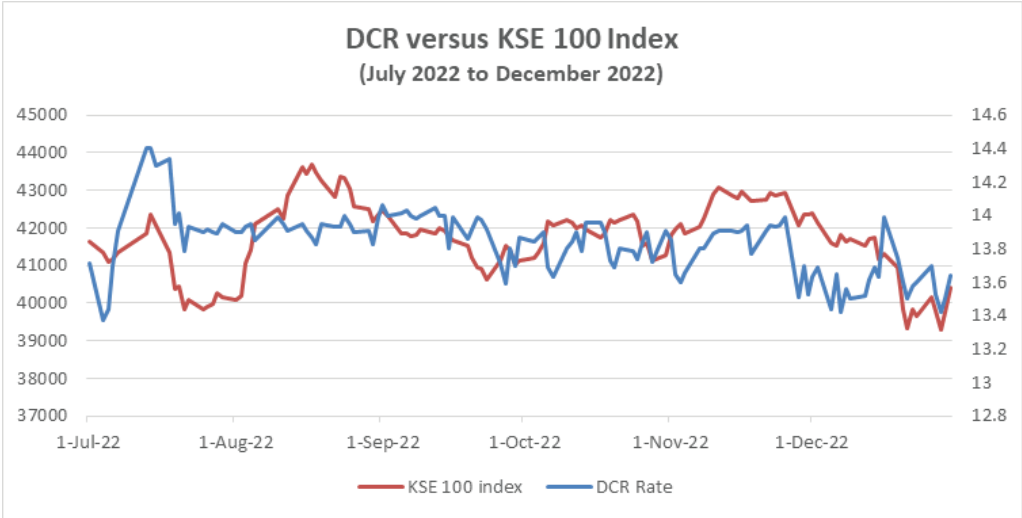
Dolmen Shopping Festival: Dolmen Shopping Festival'27 was the biggest shopping extravaganza of the year not just for Dolmen Malls but for the entire mall industry in Pakistan that concocted the shopping, entertainment, mega setups, alluring décor and unlimited giveaways. The 29th version of DSF embarked from 17th Dec 2022 and will end on 8th Jan 2023.

The purpose of the event was to reward the shoppers with Mega lucky draw gifts, games and entertainment. All these efforts to create a memorable mall journey for customers with Dolmen Mall and encourage them to shop more.

Stock Performance.

During the six months under review, the stock of 'DCR' traded at an average unit price of **PKR 13.83** and touched a high of **PKR 14.40** and a low of **PKR 13.37** per unit. During the same period KSE100 index moved in the range between **39,279.43** to **43,676.56**. The stock of DCR remained stable with beta of **0.42** (which means for every 1 rupee change in the value of a share in the benchmark; DCR price would likely change by only **0.42 percent**, beta here represents low volatility).

The Net Asset Value 'NAV' per Unit of DCR is **PKR 29.03** at the half year ended on December 31, 2022 and was **PKR 28.79** as at June 30, 2022.



Dividend Distribution

The Board of Directors have declared and approved an interim cash dividend of **PKR 0.43 per unit** for the quarter ended December 31, 2022. This is in addition to dividend distributed in quarter ended September 30, 2022 of **PKR 0.43 per unit**. It will translate into annual dividend yield of 17.2% at par value. The said dividend will be entitled to those unit holders whose name appear in the register of unit-holder on the close of business on January 25, 2023.

Business Environment

Pakistan's economy faces challenges such as a trade deficit, low foreign reserves, rising debt obligations, high inflation, low consumer spending, and currency devaluation. The global economic slowdown has further impacted the business environment in Pakistan.

Despite the difficulties faced by retailers and mall operators, Dolmen City in Karachi has demonstrated resilience and leadership in the industry. The mall has continued to attract customers, record growing footfall, and retail sales, even during the challenging times. This is due to the mall's professional property management and oversight under the REIT structure, ensuring operational sustainability in the future. Dolmen City remains a source of pride for the city of Karachi, and its success serves as a positive example for other businesses operating in Pakistan.

Outlook

Dolmen City remains the aspirational bench mark for office and retail developments across the country. Tenancy remains stable with the mall and office space both operating at optimal occupancy.

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

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

Acknowledgement

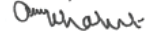
We are thankful to DCR's valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustee of DCR, the Property Manager and business partners for their continued cooperation and support. We also appreciate the effort put in by the management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

For and on behalf of the Board



Muhammad Ejaz
Chief Executive

Karachi
February 27, 2023



Muhammad Arif Habib
Chairman



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED



نحمده و نصلى على رسوله الكريم

Bi-Annual Shariah Advisor's Report

For the period ended December 2022

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 Harbour Front and Dolmen Mall Clifton) 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: 16th Feb, 2023

MUFTI UBAID UR RAHMAN ZUBAIRI

For and on behalf of

Alhamd Shariah Advisory Services Private Limited



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info@alhamdshariahadvisory.com



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

نحمدہ و نصلی علیٰ رسولہ الکریم

ششماہی شریعہ ایڈوائزر رپورٹ

دسمبر ۲۰۲۲

ڈولمین سٹی REIT ایک شریعہ کیپلائٹ REIT ہے، جو جون 2015 میں شروع ہوئی۔ ڈولمین REIT کی بنیاد شرکت اور اجارہ پر ہے، جس کے مطابق، تمام یونٹ ہولڈرز، پراجیکٹ (ہاربر فرنٹ اور ڈولمین مال کلڈن) 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 ڈولمین 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، ڈولمین 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 ڈولمین 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 ڈولمین سٹی REIT کی مزید ترقی اور خوشحالی کے لئے اپنی نیک خواہشات کا اظہار کرتے ہیں۔

الحمد

مفتی عبید الرحمن زبیری

الحمد شریعہ ایڈوائزر سروسز (پرائیوٹ) لمیٹڈ

محمد ابراہیم عیسیٰ

مفتی محمد ابراہیم عیسیٰ

الحمد شریعہ ایڈوائزر سروسز (پرائیوٹ) لمیٹڈ

۱۶ فروری ۲۰۲۳





KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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Independent Auditors' Review Report

To the Unit Holders of Dolmen City REIT

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dolmen City REIT ("the Scheme") as at 31 December 2022 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in unit holders' fund, the condensed interim statement of cash flows, and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 interim financial statements based on our review.

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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Khalid



KPMG Taseer Hadi & Co.

Other matter

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three months period ended 31 December 2022, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Ameen Malik.

Date: 27 February 2023

Karachi
UDIN: RR2022100964TSJ8uZyR


KPMG Taseer Hadi & Co.
Chartered Accountants



**Condensed Interim Financial
Statements For The Six Months
Period Ended December 31, 2022**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	(Unaudited) 31 December 2022	(Audited) 30 June 2022
------(Rupees in '000)-----			
ASSETS			
Non-current asset			
Investment property	6	63,309,390	62,821,189
Current assets			
Rent receivables	7	130,047	158,467
Prepayments, advances and short term deposits	8	30,635	12,014
Advance tax	9	213,897	207,271
Accrued profit on deposits		19,326	8,671
Short-term investments	10	47,175	661,567
Bank balances	11	1,632,751	950,206
Total current assets		2,073,831	1,998,196
Total assets		65,383,221	64,819,385
UNIT HOLDERS' FUND AND LIABILITIES			
Unit holders' fund			
REPRESENTED BY:			
Issued, subscribed and paid up units (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Capital Reserves		41,353,736	40,865,535
Revenue Reserves		971,456	926,757
Total unit holders' fund		64,562,192	64,029,292
Current liabilities			
Payable to REIT Management Company	12	33,204	32,518
Security deposits		460,025	459,297
Accrued expenses and other liabilities	13	313,688	285,043
Unclaimed dividend		14,112	13,235
Total current liabilities		821,029	790,093
CONTINGENCIES AND COMMITMENTS	14		
Total unit holders' fund and liabilities		65,383,221	64,819,385
------(Rupees)-----			
Net assets value per unit		29.03	28.79

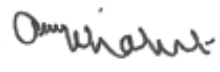
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2022

	Note	Six months period ended		Quarter ended	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
------(Rupees in '000)-----					
Revenue					
Rental income		2,055,584	1,659,753	1,031,272	889,370
Marketing income		116,160	93,942	62,361	54,255
		2,171,744	1,753,695	1,093,633	943,625
Administrative and operating expenses	15	(291,051)	(247,745)	(157,399)	(149,571)
Impairment loss on rent receivables	7.1	(6,586)	-	(6,586)	-
Net operating income		1,874,107	1,505,950	929,648	794,054
Other income	16	112,621	48,764	62,107	26,643
		1,986,728	1,554,714	991,755	820,697
Management fee	12.1	(56,223)	(45,179)	(27,889)	(23,822)
Sindh sales tax on management fee	12.1	(7,309)	(5,873)	(3,626)	(3,097)
Trustee fee	13.1	(9,371)	(7,530)	(4,649)	(3,971)
Sindh sales tax on Trustee fee	13.1	(1,218)	(979)	(604)	(516)
		(74,121)	(59,561)	(36,768)	(31,406)
Profit before change in fair value of investment property		1,912,607	1,495,153	954,987	789,291
Unrealised gain on remeasurement of fair value of investment property	6	488,201	1,751,326	488,201	1,751,326
Profit before taxation		2,400,808	3,246,479	1,443,188	2,540,617
Taxation	17	-	-	-	-
Profit for the period		2,400,808	3,246,479	1,443,188	2,540,617
------(Rupees)-----					
Earning per unit - Distributable income		0.86	0.67	0.43	0.35
Earning per unit - Undistributable income/ Unrealised fair value gains		0.22	0.79	0.22	0.79
Earnings per unit - Basic and diluted	19	1.08	1.46	0.65	1.14

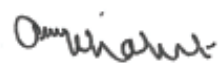
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Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD AND QUARTER ENDED 31 DECEMBER 2022

	Six months period ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	----- (Rupees in '000) -----			
Profit for the period	2,400,808	3,246,479	1,443,188	2,540,617
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,400,808	3,246,479	1,443,188	2,540,617

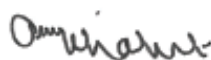
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Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

Issued, subscribed and paid up units	Reserves				Revenue Reserves Unappropriated profit	Total Unit holders' fund
	Capital Reserves		Fair Value Reserve	Total		
	Premium on issue of units - net					
----- (Rupees in '000) -----						
Balance as at 01 July 2021	22,237,000	281,346	34,097,197	34,378,543	808,510	57,424,053
Transactions with owners						
Cash dividend for the year ended 30 June 2021 (Re. 0.33 per unit)	-	-	-	-	(733,821)	(733,821)
Cash dividend for the period ended 30 September 2021 (Re. 0.33 per unit)	-	-	-	-	(733,821)	(733,821)
	-	-	-	-	(1,467,642)	(1,467,642)
Total comprehensive income for the six months period ended	-	-	1,751,326	1,751,326	1,495,153	3,246,479
Balance as at 31 December 2021	22,237,000	281,346	35,848,523	36,129,869	836,021	59,202,890
Balance as at 01 July 2022	22,237,000	281,346	40,584,189	40,865,535	926,757	64,029,292
Transactions with owners						
Cash dividend for the year ended 30 June 2022 (Re. 0.41 per unit)	-	-	-	-	(911,717)	(911,717)
Cash dividend for the period ended 30 September 2022 (Re. 0.43 per unit)	-	-	-	-	(956,191)	(956,191)
	-	-	-	-	(1,867,908)	(1,867,908)
Total comprehensive income for the six months period ended	-	-	488,201	488,201	1,912,607	2,400,808
Balance as at 31 December 2022	22,237,000	281,346	41,072,390	41,353,736	971,456	64,562,192

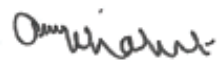
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

	Note	Six months period ended	
		31 December 2022	31 December 2021
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,400,808	3,246,479
Adjustments for non cash items:			
Unrealised gain on remeasurement of fair value of investment property		(488,201)	(1,751,326)
Reversal of accrual - expenses no more payable		(647)	-
Impairment loss on rent receivables		6,586	-
Profit on deposits		(111,974)	(48,764)
		1,806,572	1,446,389
Working capital changes			
Increase in current assets			
Rent receivables		21,834	(14,273)
Prepayments, advances and short term deposits		(18,621)	(27,567)
		3,213	(41,840)
Increase in current liabilities			
Payable to the REIT management company		686	3,493
Security deposits received- net		728	32,995
Accrued expenses and other liabilities		29,292	96,786
		30,706	133,274
Cash generated from operations		1,840,491	1,537,823
Tax paid		(6,626)	(51)
Net cash generated from operations		1,833,865	1,537,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Profit on deposits received		101,319	47,108
Purchase of short-term investments - net of maturity		(3,197)	(1,160)
Net cash generated from investing activities		98,122	45,948
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash used in financing activities - dividend paid		(1,867,031)	(1,466,789)
Net increase in cash and cash equivalents during the period		64,956	116,931
Cash and cash equivalents at beginning of the period	20	1,567,795	1,334,285
Cash and cash equivalents at end of the period	20	1,632,751	1,451,216

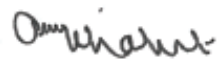
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

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, 2022 (REIT Regulations, 2022) (previously 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. On 25 October 2022, VIS Credit Rating Company Limited assigned rating ""AAA(r)"" and ""AM2+"" to the Scheme and the RMC respectively.

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 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principle of Shariah. The principal activity of the Scheme is to generate rental income through investment property and distribute the income generated to unitholders through dividends.

- 1.2 The Scheme commenced its commercial activities on 01 June 2015. The Scheme was the subsidiary of International Complex Projects Limited (ICPL) directly holding 75% of the units. The Board of Directors of ICPL in its meeting held on 22 April 2021 approved the scheme of arrangement for reorganization / re-arrangement of the Dolmen Group comprising restructuring of ICPL. The arrangement became effective on 01 July 2021 as sanctioned by the Honorable High Court of Sindh vide its Order dated 03 November 2021. Consequently, units held by ICPL were transferred to its associated undertakings i.e. Dolmen (Private) Limited and Al-Feroze (Private) Limited, as envisaged in the said Scheme of arrangement in equal proportion.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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 comprise of:

- International Accounting Standard 34 "Interim Financial Reporting" (IAS - 34) issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 and Part VIII A of the repealed Companies Ordinance, 1984; and
- The Real Estate Investment Trust Regulations 2022 (REIT Regulations, 2022).

Where the provision of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984 and REIT Regulations, 2022 differs from the IAS - 34, the provisions of and directives issued under the Companies Act, 2017 and REIT Regulations, 2022 have been followed.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

2.1.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Scheme for the year ended 30 June 2022. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in the Schemes' financial position and performance since the last annual financial statements.

2.1.2 On 28 November 2022, Securities and Exchange Commission of Pakistan vide S.R.O 2067(I)/2022 has replaced REIT Regulations, 2015 with REIT Regulations, 2022 which came into force with immediate effect.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Scheme. All figures have been rounded off to the nearest thousand unless otherwise stated.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above standards, interpretations and amendments are not likely to have an impact on the Company's financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

3 SUMMARY OF 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 for the year ended 30 June 2022.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its' judgments in the process of applying the Schemes' accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by the management in applying the Schemes' accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual auditor financial statements of the Scheme for the year ended 30 June 2022.

5 FINANCIAL RISK MANAGEMENT

The Scheme's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2022.

6 INVESTMENT PROPERTY

	Note	Unaudited 31 December 2022	Audited 30 June 2022
------(Rupees in '000)-----			
Carrying amount at beginning of the period / year		62,821,189	56,334,197
Add: Unrealised gain on remeasurement of fair value of investment property		488,201	6,486,992
Carrying amount at end of the period / year	6.1	63,309,390	62,821,189

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.

Rental income and marketing income earned from investment property for the period ended 31 December 2022 amounted to Rs. 2,056 million and Rs. 116 million (31 December 2021: Rs. 1,660 million and Rs. 94 million) respectively.

The investment property has been valued by Tristar International Consultant (Private) Limited ("the Valuer") as at 30 June 2022 and 31 December 2022 who is an independent valuer. The Valuer is listed with Pakistan Banks Association and Pakistan Engineering Council and has experience in the location and category of the property being valued. The Valuer used the following approaches summarised below:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

	Unaudited 31 December 2022	Audited 30 June 2022
	----- (Rupees in '000) -----	
Cost approach	37,912,347	37,299,627
Sales comparison approach	80,917,938	78,561,058
Income capitalization approach - using capitalization rate of 6% (30 June 2022: 6%)		
(a) Valuer's assessment of rental income	66,718,280	63,019,291
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area	63,309,390	62,821,189

The valuer in its valuation report has stated that out of three approaches "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. 64,734 million (30 June 2022: Rs. 62,849 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. The fair value has been carried out considering following inputs:

	Unaudited 31 December 2022	Audited 30 June 2022
	----- (Rupees in '000) -----	
Projected net operating income	3,798,563	3,769,271
Capitalisation rate	6%	6%
Fair value	63,309,390	62,821,189

Sensitivity analysis

Change in each of the below significant unobservable input would have effect on fair value of investment property 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 2022.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

	Change in input	Effect on fair value	
		Unaudited 31 December 2022	Audited 30 June 2022
------(Rupees in '000)-----			
- Projected income (based on existing leasing contracts)	+ 5%	3,922,237	3,716,268
- Projected income (based on existing leasing contracts)	- 5%	(3,922,237)	(3,716,268)
- Projected operating costs	+ 5%	(756,767)	(575,208)
- Projected operating costs	- 5%	756,767	575,208
- Capitalization rate	+ 1%	(9,044,199)	(8,974,456)
- Capitalization rate	- 1%	12,661,878	12,564,238
7 RENT RECEIVABLES		Unaudited	Audited
		31 December	30 June
		2022	2022
------(Rupees in '000)-----			
Rent receivables		189,377	211,211
Less: Impairment loss		(59,330)	(52,744)
		<u>130,047</u>	<u>158,467</u>
7.1 Movement of impairment loss on rent receivables:			
Opening provision		52,744	41,155
Charge for the period		6,586	11,589
Closing provision		<u>59,330</u>	<u>52,744</u>
7.2			
Sales tax amounting to Rs. 34.606 million which had not been paid by the tenants due to stay order granted by Honourable High Court of Sindh (SHC). The SHC in its judgment dated 18 August 2017 disposed-off the petitions initiated on 31 July 2015 in favour of petitioners and struck down the levy on renting of immovable property services. However, Sindh Revenue Board (SRB) challenged the decision of the (SHC) in the Supreme Court of Pakistan (SCP). SCP in its order dated 5 September 2022, dismissed the case stating that SCP is in complete agreement with SHC's decision and see no reason to take a view different from the one taken by SHC in its well-reasoned judgement or the necessity to further elaborate on any aspect of the matter. As at 31 December 2022, based on the decision, the Company has netted off this receivable from tenants with payable to SRB amounting to Rs. 34.606 million, refer note 13.4.			
8 PREPAYMENTS, ADVANCES AND SHORT TERM DEPOSITS		Unaudited	Audited
	Note	31 December	30 June
		2022	2022
------(Rupees in '000)-----			
Unsecured - considered good			
Prepayments and advances	8.1	29,676	11,055
Security deposit		959	959
		<u>30,635</u>	<u>12,014</u>
8.1			
This includes advance to CDC amounting to Rs. 3.6 million (31 December 2022: Rs. 2.73 million) for processing of unclaimed dividend payments to unit holders.			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

9	ADVANCE TAX	Note	Unaudited 31 December 2022	Audited 30 June 2022
			------(Rupees in '000)-----	
	Advance tax		218,625	211,999
	Provision for impairment		(4,728)	(4,728)
		9.1	<u>213,897</u>	<u>207,271</u>
9.1	The Scheme has advance tax refundable amounting to Rs. 218.63 million which pertains to tax deducted by tenants due to unavailability of tax exemption certificate of the Scheme at the time of payment of rental and marketing income. The tenants whose receivables have been fully provided in the previous years, advance tax amounting to Rs. 4.728 million (30 June 2022: Rs. 4.728 million) pertaining to them has also been provided.			
10	SHORT-TERM INVESTMENTS	Note	Unaudited 31 December 2022	Audited 30 June 2022
			------(Rupees in '000)-----	
	At amortized cost			
	Term deposit receipts having original maturity			
	- less than three months		-	617,589
	- more than three months		47,175	43,978
		10.1	<u>47,175</u>	<u>661,567</u>
10.1	This represents term deposit receipts (TDR) with Islamic window of a commercial bank carrying profit rate of 15% (30 June 2022: 14.5% to 15.5%) per annum maturing in June 2023.			
11	BANK BALANCES	Note	Unaudited 31 December 2022	Audited 30 June 2022
			------(Rupees in '000)-----	
	Saving accounts	11.1	<u>1,632,751</u>	<u>950,206</u>
11.1	This represents deposits held in Islamic saving accounts carrying expected profit rates ranging from 4.50% to 15.50% (30 June 2022: 3.50% to 15.0%) per annum.			
12	PAYABLE TO REIT MANAGEMENT COMPANY	Note	Unaudited 31 December 2022	Audited 30 June 2022
			------(Rupees in '000)-----	
	Management fee payable	12.2	27,891	27,284
	Sindh sales tax on management fee	12.1	5,313	5,234
			<u>33,204</u>	<u>32,518</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

12.1 Under the provisions of REIT Regulations, 2022 (previously REIT Regulations, 2015), RMC is entitled to an annual management fee as stated in the Offering Document and Information Memorandum. The management Company charges fee at the rate of 3% of Net Operating Income (NOI) of the Scheme as per the Business Plan. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax on the management fee of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable sales tax rate is 13% being effective from 1 July 2016.

12.2 This includes an amount of Rs. 1.69 million (30 June 2022: Rs. 1.69 million) pertaining to sindh sales tax charged on Federal Excise Duty (FED) (refer note 13.3).

13 ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	Unaudited 31 December 2022	Audited 30 June 2022
------(Rupees in '000)-----			
Unearned rental income		195,967	135,077
Payable to associated undertakings	13.2	28,050	33,252
Accrued expenses		21,002	17,420
Trustee fee	13.1	15,727	5,138
Federal Excise Duty	13.3	11,980	11,980
Monitoring fee payable to SECP		11,119	22,237
Sales tax and withholding income tax	13.4	9,740	48,375
Provision for government levies		8,466	-
Shariah advisory fee		249	124
Takaful fee		-	599
Other liabilities		11,388	10,841
		313,688	285,043

13.1 Under the provisions of REIT Regulations, 2022 (previously REIT Regulations, 2015), the Trustee is entitled to an annual fee for services rendered, payable on quarterly basis in arrears. Accordingly, the Trustee fee is charged an annual fee at a rate of 0.5% (June 2022: 0.5%) of the NOI. The Sindh Government has levied Sindh Sales Tax on the trustee fee 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.

13.2 Payable to associated undertakings

	Unaudited 31 December 2022	Audited 30 June 2022
------(Rupees in '000)-----		
Dolmen Real Estate Management (Private) Limited	26,230	31,353
Al-Feroz (Private) Limited	910	950
Dolmen (Private) Limited	910	949
	28,050	33,252

13.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the fee 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

The Sindh Revenue Board (SRB) and the Federal Board of Revenue (FBR) 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 2022: 11.980 million) has been retained in these financial statements.

- 13.4 Sales tax receivable amounting to Rs. 34.606 million has been netted off from this, which had not been paid by the tenants due to stay order granted by Honourable High Court of Sindh (SHC), refer note 7.2.

14 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as disclosed in the preceding annual audited financial statements for the year ended June 2022, except as disclosed in note 7.2.

15 ADMINISTRATIVE AND OPERATING EXPENSES

		(Unaudited)			
		Six months period ended		Quarter ended	
Note	31 December	31 December	31 December	31 December	
	2022	2021	2022	2021	
----- (Rupees in '000) -----					
	144,139	117,936	91,953	65,750	
	26,876	21,895	21,089	16,108	
	26,578	22,309	18,362	14,093	
	22,500	27,630	18,266	23,396	
	20,062	15,507	13,681	9,126	
	16,429	13,768	9,545	6,884	
	11,119	11,118	5,560	5,559	
	8,722	8,722	5,839	4,361	
	6,423	4,074	2,062	1,191	
	4,637	2,076	3,871	1,310	
	2,573	1,841	1,922	1,190	
	869	745	665	541	
	124	124	62	62	
	291,051	247,745	192,877	149,571	

- 15.1 Under the provision of REIT Regulation 2022 (previously REIT Regulations, 2015), the Scheme is required to pay an annual fee to SECP equal to 0.1% of the average Fund size.

16 OTHER INCOME

		(Unaudited)			
		Six months period ended		Quarter ended	
	31 December	31 December	31 December	31 December	
	2022	2021	2022	2021	
----- (Rupees in '000) -----					
	111,974	48,764	62,107	26,643	
	647	-	-	-	
	112,621	48,764	62,107	26,643	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

17 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 REIT Management Company has distributed 1st interim cash dividend of Rs. 956.19 million (Re. 0.43 per unit) during the month of September 2022 and has declared 2nd interim cash dividend based on result for the six months period ended 31 December 2022 (refer note 22). The REIT Management Company intends to distribute more than 90% of the Scheme's accounting income for the year ending 30 June 2023 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 interim financial statements for the six months period ended 31 December 2022.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

18.1 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, Dolmen Real Estate Management (Private) Limited, being Property Manager and connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC including their close relatives.

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.

There are no related parties incorporated outside Pakistan with whom the Scheme had entered into transactions during the year.

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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

18.1 Transactions during the period:

			(Unaudited)			
			Six months period ended		Quarter ended	
			31 December 2022	31 December 2021	31 December 2022	31 December 2021
			----- (Rupees in '000) -----			
Name of the related party	Relationship and percentage unitholding	Transactions during the period				
International Complex Projects Limited	Common directorship (2021: Parent company holding 75% units)	Rental income	-	23,461	-	9,384
		Rentals received	-	23,461	-	-
		Dividend paid	-	1,100,732	-	550,396
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	26,578	22,309	12,709	14,093
		Common area maintenance paid	31,948	10,305	13,553	3,543
		Expenses incurred on behalf of Scheme	170	379	-	366
		Reimbursement of expenses incurred on behalf of Scheme	667	667	148	-
		Property Management Fees	144,139	117,936	71,347	65,750
		Property Management Fees Paid	141,447	106,221	60,312	71,440
Retail Avenue (Private) Limited	Common Directorship	Rental income	7,929	5,079	3,822	2,650
		Rentals received	6,374	5,079	3,199	2,650
Al-Feroz (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	14,077	2,346	7,039	2,346
		Rentals received	14,077	-	7,039	-
		Dividend paid	700,465	-	358,571	-
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	14,077	2,346	7,039	2,346
		Rentals received	14,077	-	7,039	-
		Dividend paid	700,465	-	358,571	-
Sindbad Wonderland (Private) Limited	Common Directorship	Rental income	38,538	13,069	19,269	12,061
		Rentals received	32,115	2,570	12,846	-
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses incurred on behalf of Scheme	901	-	-	-
		Management Fee (including sales tax)	63,532	51,052	31,515	26,919
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee (including sales tax)	10,589	8,509	5,253	4,487
Tristar International Consultant (Pvt) Ltd	Valuer	Valuation Fee	283	283	283	283
		Valuation Fee Paid	226	283	226	283

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

18.2 Balances outstanding at the period / year end:

Name of the related party	Relationship and percentage shareholding	Period / year end balances	Unaudited	Audited
			31 December 2022	30 June 2022
			----- (Rupees in '000) -----	
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	3,475	14,092
		Expenses payable incurred on behalf of the Scheme	1,434	1,494
		Payable of withheld security deposit of tenants	458	458
		Property Management Fee Payable	<u>22,754</u>	<u>27,222</u>
Al-Feroz (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rent receivable	-	86
		Net payable in respect of purchase consideration of investment property	910	910
		Payable against purchase of equipment for maintenance	<u>40</u>	<u>40</u>
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rent receivable	-	2,346
		Net payable in respect of purchase consideration of investment property	910	909
		Payable against purchase of equipment for maintenance	<u>40</u>	<u>40</u>
Retail Avenue (Private) Limited	Common directorship	Rent receivable	<u>1,553</u>	66
Sindbad Wonderland (Private) Limited	Common directorship	Rent receivable	<u>6,423</u>	466
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses payable incurred on behalf of the Scheme	952	51
		Management Fee Payable	<u>33,204</u>	<u>32,518</u>
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee Payable	<u>15,727</u>	5,138
Tristar International Consultant (Pvt) Ltd	Valuer	Valuation Fee Payable	<u>339</u>	283

19 EARNINGS PER UNIT - BASIC AND DILUTED

Note	Six months period ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
----- (Rupees in '000) -----				
Profit for the period	<u>2,400,808</u>	3,246,479	<u>1,443,188</u>	2,540,617
----- (Number of Units) -----				
Weighted average number of ordinary units at 31 December 2022	<u>2,223,700,000</u>	2,223,700,000	<u>2,223,700,000</u>	2,223,700,000
----- (Rupees) -----				
Earnings per unit - Basic and diluted	<u>1.08</u>	1.46	<u>0.65</u>	1.14
19.1 Earnings per unit comprises as follows:				
Distributable income - earnings per unit	<u>0.86</u>	0.67	<u>0.43</u>	0.35
Undistributable unrealized fair value gains - earnings per unit	<u>0.22</u>	0.79	<u>0.22</u>	0.79
	<u>1.08</u>	1.46	<u>0.65</u>	1.14

19.1.1 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 undistributable.

19.1.2 There is no impact of dilution on earnings per unit as the Scheme did not have any convertible instruments in issue for the period and quarter ended 31st December 2022 and 31st December 2021 which would have had any effect on the earnings per unit if the option to convert had been exercised.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022**

20	CASH AND CASH EQUIVALENTS	Note	Unaudited 31 December 2022 ------(Rupees in '000)-----	Audited 30 June 2022
	Bank balances	11	1,632,751	950,206
	Short-term investment	10	-	617,589
			<u>1,632,751</u>	<u>1,567,795</u>

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

When measuring the fair value of an asset or a liability, the Scheme uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

21.1 Accounting classifications and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
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	31 December 2022 (Unaudited)					Fair value			Total
	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Other financial liabilities	Total	Level 1	Level 2	Level 3	
Financial assets - not measured at fair value	----- (Rupees in '000) -----								
Rent receivables	-	-	130,047	-	130,047				
Security deposit	-	-	959	-	959				
Accrued profit on deposits	-	-	19,326	-	19,326				
Short-term investments	-	-	47,175	-	47,175				
Bank balances	-	-	1,632,751	-	1,632,751				
	-	-	1,830,258	-	1,830,258				

Financial liabilities - not measured at fair value

Payable to REIT Management Company	-	-	-	33,204	33,204				
Security deposits	-	-	-	460,025	460,025				
Accrued expenses and other liabilities	-	-	-	87,535	87,535				
Unclaimed dividend	-	-	-	14,112	14,112				
	-	-	-	594,876	594,876				

30 June 2022 (Audited)

	Carrying amount					Fair value			Total
	Financial assets 'at fair value through other comprehensive income'	Financial assets 'at fair value through profit or loss'	Financial assets 'at amortised cost'	Other financial liabilities	Total	Level 1	Level 2	Level 3	
Financial assets - not measured at fair value	----- (Rupees in '000) -----								
Rent receivables	-	-	158,467	-	158,467				
Security deposit	-	-	959	-	959				
Accrued profit on deposits	-	-	8,671	-	8,671				
Short-term investments	-	-	661,567	-	661,567				
Bank balances	-	-	950,206	-	950,206				
	-	-	1,779,870	-	1,779,870				

Financial liabilities - not measured at fair value

Payable to REIT Management Company	-	-	-	32,518	32,518				
Security deposits	-	-	-	459,297	459,297				
Accrued expenses and other liabilities	-	-	-	89,611	89,611				
Unclaimed dividend	-	-	-	13,235	13,235				
	-	-	-	594,661	594,661				

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

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

22 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors of the RMC in their meeting held on 12 January 2023 have declared and approved an interim cash dividend for the quarter ended 31 December 2022 of Re.0.43 (31 December 2021: Re. 0.37 per unit) amounting to Rs. 956.19 million (2021: Rs. 822.77 million). The condensed interim financial statements do not include the effect of above announcement which will be accounted for in the financial statements of the Scheme for the year ending 30 June 2023.

23 DATE OF AUTHORISATION FOR ISSUE

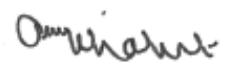
These condensed interim financial statements were authorised for issue by the Board of Directors of the REIT Management Company on 27th February, 2023.



Chief Financial Officer



Chief Executive Officer



Director



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REIT MANAGEMENT LIMITED

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