

INVESTING TODAY FOR A PROSPEROUS TOMORROW DOLMEN CITY REIT



QUATERLY REPORT 31 MARCH 2023



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.







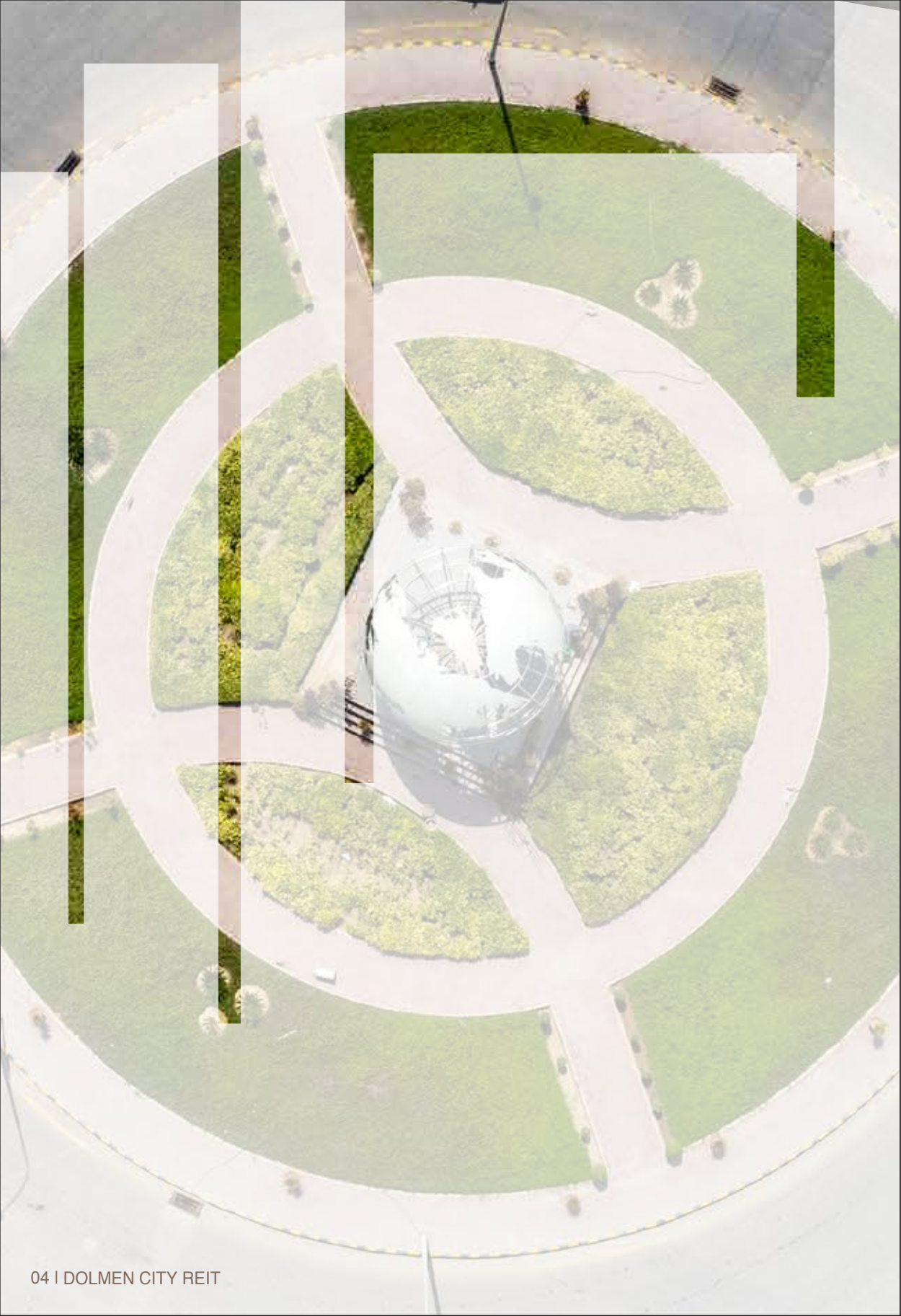
TABLE OF CONTENTS

02	Scheme's Information
05	Vision, Mission and Delivering Value
06	Directors' Report
16	Condensed Interim Statement of Financial Position
17	Condensed Interim Statement of Profit or Loss (Unaudited)
18	Condensed Interim Statement of Comprehensive Income (Unaudited)
19	Condensed Interim Statement of Changes In Unit Holders' Fund (Unaudited)
20	Condensed Interim Statement of Cash Flows (Unaudited)
21	Notes to the Condensed Interim Financial Statements (Unaudited)

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

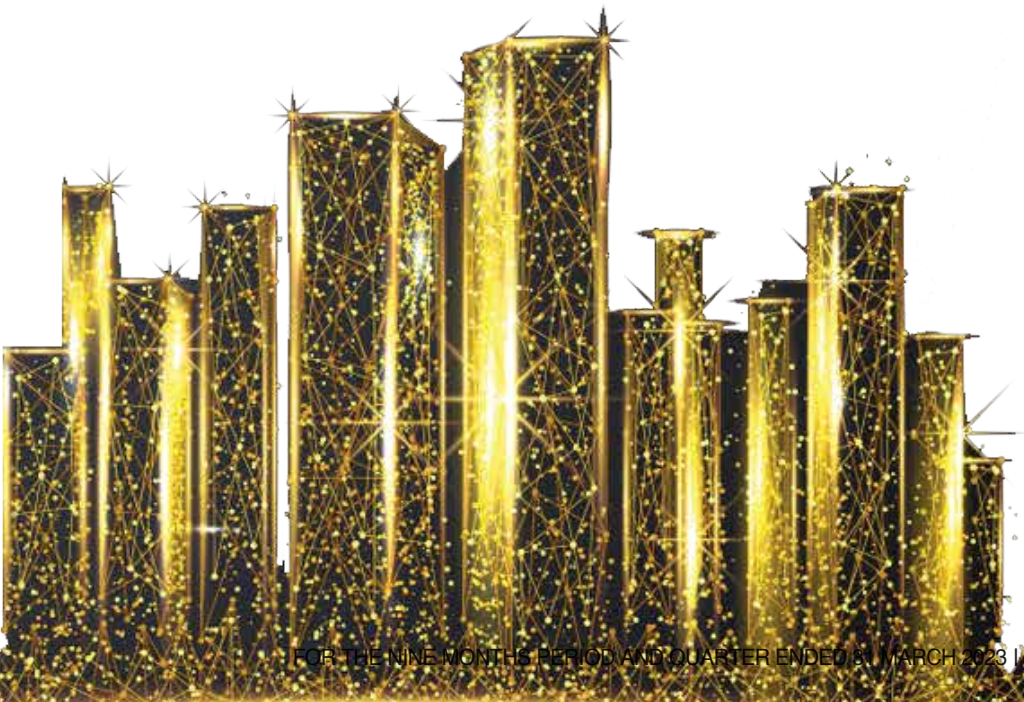
To be the landlord of choice

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

The Board of Directors of Arif Habib Dolmen REIT Management Limited is pleased to present the Directors' Review report for the nine months ended 31 March 2023 of financial year 2022-23 for Dolmen City REIT (DCR) - the Scheme

Financial and Operational Performance

Summary of financial performance - Nine months ended 31 March 2023:

Description	Mar 23 PKR (million)	Mar 22 PKR (million)
Rental Income	3,124.26	2,581.26
Marketing Income	186.54	157.45
Administrative Expense	(439.73)	(369.34)
Net Operating Income	2,871.07	2,369.37
Other Income	168.79	74.98
Distributable Profit	2,926.31	2,350.64
Change in Fair Value of Investment Property	488.20	1,751.33

DCR exhibited strong financial and operational performance. It has consistently maintained occupancy of over **98%**. As on March 31, 2023, the Weighted Average Lease Expiry 'WALE' of Dolmen City Mall (68% of the total leasable area) is around **2.11 years** and that of the Harbour Front (32% of the total leasable area) is around **3.56 years**.

Occupancy levels at Dolmen Mall Clifton and Harbour Front at end of nine months are as follows:

Description	Dolmen Mall Clifton	Harbour Front	Total
Leasable Area as at March 2023 (in Sq ft)	549,112	257,162	806,274
Leasable Area as at June 2022	548,138	256,510	804,648
Difference in Leasable Area *	974	652	1,626
Leased Area in March 2023 (Sq ft)	538,906	249,962	788,868
Occupancy Percentages	98.14%	97.20%	97.84%
Leased Area as at June 2022	532,586	256,510	789,096
Occupancy Percentages	97.16%	100%	98.07%
Occupancy variation in nine months	6,320	(6,548)	(228)

* Changes in leasable area occurred due to some maintenance works

Marketing Activities

Dolmen City remains customers destination spot in Karachi. The success is proven by consistently high footfall of 18,000 to 30,000 customers per day.

Footfall for the nine months ended 31 March 2023		
Month	*Daily Average	Total for the Month
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
January	30,425	943,180
February	22,796	638,299
March	21,690	672,394

* Calculated on the basis of operational days.

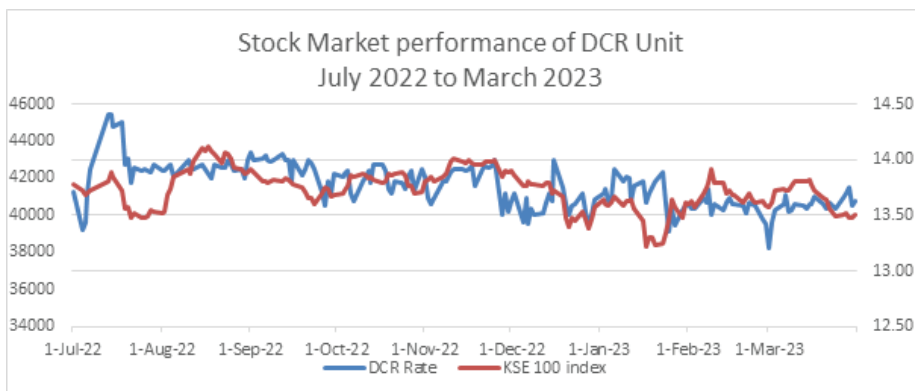
Footfall is maintained through a sequence of well-planned events. The objective of these activities is to create a consistent pull of customers into the mall throughout the year. Events are announced through social media and the quarterly Dolmen Magazine with visitors encouraged by brand advertisements and discount offerings.

Dolmen Shopping Festival: Dolmen Shopping Festival was the biggest shopping extravaganza for the entire mall industry in Pakistan. The 29th version of DSF was held from 17th Dec 2022 till 8th Jan 2023.

DCR Unit's Performance

During the nine months period under review, the DCR units traded at an average price of **PKR 13.76** and touched a high of **PKR 14.40** and a low of **PKR 13.21** per unit. During the same period KSE100 index moved in the range between **38,342.21** to **43,676.56**. The units of DCR remained stable with beta of **0.27** (which means for every 1 percent change in the value of benchmark index; DCR price would likely change by only **0.27 percent**, beta here represents low volatility).

The Net Asset Value 'NAV' per Unit of DCR is **PKR 29.06** as on 31 March 2023, which was **PKR 28.79** as at June 30, 2022.



Dividend Distribution

The Board of Directors has declared and approved an interim cash dividend of **PKR 0.45** per unit for the quarter ended 31 March 2023. It translates into annual dividend yield of 18% at par value. The dividend will be entitled to those unit holders whose name appear in the register of unit-holder on the close of business on April 20, 2023. This is in addition to the dividend already distributed in each of quarters ended September 30, 2022 and December 31, 2022 of **PKR 0.43 per unit**.

Business Environment

Pakistan's economy is passing through a challenging readjustment phase: currency devaluation, interest rate hike, inflation, slower/negative growth. The impact of these adjustments on different economic segments is yet to be crystalized. The economy is likely to remain under duress for the short to medium term.

Outlook

Dolmen City serves economically robust segments. Its performance over the past year suggests that we shall be able to maintain our occupancy and rental levels as agreed with our tenants.

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

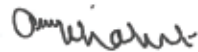
We are thankful to DCR's valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustee of DCR, the Property Manager and business partners for their continued cooperation and support. We also appreciate the effort put in by the management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

For and on behalf of the Board



Muhammad Ejaz
Chief Executive

Karachi
April 27, 2023



Muhammad Arif Habib
Chairman

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, set against a clear blue sky. The image is monochromatic with a blue tint. The buildings are arranged in a way that creates a sense of height and architectural scale.

**Condensed Interim Financial
Statements For The Nine Months
Period Ended 31 March 2023**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	(Unaudited) 31 March 2023	(Audited) 30 June 2022
------(Rupees in '000)-----			
ASSETS			
Non - current assets			
Total non - current assets - Investment property	6	63,309,390	62,821,189
Current assets			
Rent receivables	7	209,423	158,467
Short term deposits, prepayments and other assets	8	260,021	219,285
Profit accrued		15,594	8,671
Short-term investments	9	47,175	661,567
Bank balances	10	1,617,453	950,206
Total current assets		2,149,666	1,998,196
Total assets		65,459,056	64,819,385
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		42,382,711	41,792,292
Total unit holders' fund		64,619,711	64,029,292
Liabilities			
Current liabilities			
Payable to REIT management company	11	35,486	32,518
Security deposits		474,105	459,297
Accrued expenses and other liabilities	12	315,289	285,043
Unclaimed dividend		14,465	13,235
Total current liabilities		839,345	790,093
Total unit holders' fund and liabilities		65,459,056	64,819,385
(Rupees)			
Net assets value per unit		29.06	28.79

CONTINGENCIES AND COMMITMENTS

13

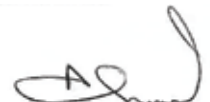
The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2023**

	Note	Nine months period ended		Quarter ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
------(Rupees in '000)-----					
Income					
Rental income		3,124,257	2,581,264	1,068,673	921,511
Marketing income		186,542	157,450	70,382	63,508
		3,310,799	2,738,714	1,139,055	985,019
Administrative and operating expenses	14	(439,725)	(369,342)	(142,093)	(121,597)
Net operating income		2,871,074	2,369,372	996,962	863,422
Other income	15	168,793	74,980	56,155	26,216
		3,039,867	2,444,352	1,053,117	889,638
Management fee	11.1	(86,132)	(71,081)	(29,909)	(25,902)
Sindh Sales Tax on management fee	11.1	(11,197)	(9,241)	(3,888)	(3,368)
Trustee's remuneration	12.1	(14,355)	(11,847)	(4,984)	(4,317)
Sindh Sales Tax on trustee remuneration	12.1	(1,866)	(1,540)	(648)	(561)
		(113,550)	(93,709)	(39,429)	(34,148)
Profit before change in fair value of investment property		2,926,317	2,350,643	1,013,688	855,490
Unrealised gain on remeasurement of fair value of investment property	6	488,201	1,751,326	-	-
Profit before taxation		3,414,518	4,101,969	1,013,688	855,490
Taxation	16	-	-	-	-
Profit after taxation for the period		3,414,518	4,101,969	1,013,688	855,490
(Rupees)					
Earnings per unit - Distributable income		1.3160	1.0571	0.4559	0.3847
Earnings per unit - Undistributable Income / Unrealised fair value gains		0.2195	0.7876	-	-
Earnings per unit - Basic and diluted	18	1.5355	1.8447	0.4559	0.3847

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD AND QUARTER ENDED 31 MARCH 2023

	Nine months period ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
------(Rupees in '000)-----				
Profit after taxation for the period	3,414,518	4,101,969	1013,688	855,490
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,414,518	4,101,969	1013,688	855,490

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

	Issued, subscribed and paid up units	Reserves			Total Reserves	Total Unit holders' fund
		Capital Reserves		Revenue Reserves		
		Premium on issue of units - net	Fair Value Reserve	Unappropriated profit		
----- (Rupees in '000) -----						
Balance as at 30 June 2021 (audited)	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)
Cash dividend for the period ended 30 September 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Cash dividend for the period ended 31 December 2021 (Rs. 0.37 per unit)	-	-	-	(822,769)	(822,769)	(822,769)
	-	-	-	(2,290,411)	(2,290,411)	(2,290,411)
Total comprehensive income for the nine months period - profit for the period	-	-	1,751,326	2,350,643	4,101,969	4,101,969
Balance as at 31 March 2022	22,237,000	281,346	35,848,523	868,742	36,998,611	59,235,611
Balance as at 30 June 2022 (audited)	22,237,000	281,346	40,584,189	926,757	41,792,292	64,029,292
Transactions with owners						
Cash dividend for the year ended 30 June 2022 (Rs. 0.41 per unit)	-	-	-	(911,717)	(911,717)	(911,717)
Cash dividend for the period ended 30 September 2022 (Rs. 0.43 per unit)	-	-	-	(956,191)	(956,191)	(956,191)
Cash dividend for the period ended 31 December 2022 (Rs. 0.43 per unit)	-	-	-	(956,191)	(956,191)	(956,191)
	-	-	-	(2,824,099)	(2,824,099)	(2,824,099)
Total comprehensive income for the period - profit for the period	-	-	488,201	2,926,317	3,414,518	3,414,518
Balance as at 31 March 2023	22,237,000	281,346	41,072,390	1,028,975	42,382,711	64,619,711


The annexed notes from 1 to 22 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 NINE MONTHS PERIOD ENDED 31 MARCH 2023**

Note	Nine months period ended	
	31 March 2023	31 March 2022
	------(Rupees in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,414,518	4,101,969
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)	-
Provision against rent receivables	6,585	-
Profit on deposit	(168,146)	(74,980)
	<u>2,764,109</u>	<u>2,275,663</u>
Working capital changes		
(Increase) / decrease in current assets		
- Rent receivables	(50,956)	(23,108)
- Short term deposit, prepayments and other assets	(25,508)	(35,831)
increase / (decrease) in current liabilities		
- Payable to the REIT management company	2,968	5,844
- Security deposits received- net	14,808	49,401
- Accrued expenses and other liabilities	27,693	58,258
Cash generated from operations	<u>2,733,114</u>	<u>2,330,227</u>
Tax withheld at source	(15,228)	(987)
Net cash generated from operating activities	<u>2,717,886</u>	<u>2,329,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit on deposits received	154,641	70,100
Short-term investments	-	(1,160)
Net cash generated from investing activities	<u>154,641</u>	<u>68,940</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash used in financing activities - Dividend paid	(2,822,869)	(2,266,751)
Net increase in cash and cash equivalents during the period	49,658	131,429
Cash and cash equivalents at beginning of the period	19	1,334,285
Cash and cash equivalents at end of the period	<u>19</u>	<u>1,465,714</u>

The annexed notes from 1 to 22 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 NINE MONTHS PERIOD ENDED 31 MARCH 2023

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. 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 31 March 2023 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 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 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)
- Provisions of and directives issued under the Companies Act, 2017 and Part VIII of the repealed Companies Ordinance, 1984; and
- The Real Estate Investment Trust Regulations 2022 (the REIT Regulations 2022) 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, 2022 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, 2022 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 2022. 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

The comparatives in the condensed interim statement of financial position as at 31 March 2023 have been extracted from the audited financial statements of the Scheme for the year ended 30 June 2022, 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 nine months period ended 31 March 2022.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistan Rupees which is the Scheme's functional and presentation currency and has 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 2022 except for certain accounting and reporting standards which became effective for annual period beginning on or after 01 July 2022. 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 2022 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 2022.

5 RISK MANAGEMENT

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

6	INVESTMENT PROPERTY	Note	Unaudited 31 March 2023 ------(Rupees in '000)-----	Audited 30 June 2022
	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	<u>63,309,390</u>	<u>62,821,189</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.

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:

	Unaudited 31 December 2022 ------(Rupees in '000)-----	Audited 30 June 2022
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	<u>63,309,390</u>	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:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

	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

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

	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 31 March 2023	Audited 30 June 2022
	------(Rupees in '000)-----	
Rent receivables	268,753	211,211
Less: Allowance	(59,330)	(52,744)
	<u>209,423</u>	<u>158,467</u>

8 SHORT TERM DEPOSITS, PREPAYMENTS AND OTHER ASSETS

	Unaudited 31 March 2023	Audited 30 June 2022
Unsecured - Considered good		
Security deposit	959	959
Prepayments and advances	36,563	11,055
Advance tax	222,499	207,271
	<u>260,021</u>	<u>219,285</u>
Considered doubtful - unsecured	4,728	4,728
	<u>264,749</u>	<u>224,013</u>
Less: Provision for doubtful balances	(4,728)	(4,728)
	<u>260,021</u>	<u>219,285</u>

9 SHORT-TERM INVESTMENTS

	Unaudited 31 March 2023	Audited 30 June 2022
At amortized cost		
Term deposit receipts having original maturity		
- less than three months	-	617,589
- more than three months	47,175	43,978
	<u>47,175</u>	<u>661,567</u>

9.1 These represent term deposit receipts (TDR) with Islamic banks and carrying profit rates of 15% (June 2022: 14.5% to 15.5%) per annum maturing on June 2023.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

10	BANK BALANCES	Note	Unaudited 31 March 2023 ------(Rupees in '000)-----	Audited 30 June 2022
	Saving accounts	10.1	1,617,453	950,206
			<u>1,617,453</u>	<u>950,206</u>
10.1	This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 10% to 19% (30 June 2022: 3.5% to 15.0%) per annum.			
11	PAYABLE TO REIT MANAGEMENT	Note	Unaudited 31 March 2023 ------(Rupees in '000)-----	Audited 30 June 2022
	Management fee payable		29,911	27,284
	Sindh Sales Tax		5,575	5,234
		11.1	<u>35,486</u>	<u>32,518</u>
11.1	Under the provisions of REIT Regulations, 2022 (previously REIT Regulations, 2015), RMC is entitled to a 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	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	Unaudited 31 March 2023 ------(Rupees in '000)-----	Audited 30 June 2022
	Trustee remuneration	12.1	10,885	5,138
	Monitoring fee payable to SECP		16,678	22,237
	Payable to associated undertakings	12.2	30,691	33,252
	Unearned rental income		163,979	135,077
	Sales tax and withholding income tax		48,965	48,375
	Federal Excise Duty	12.3	11,980	11,980
	Takaful fee		-	599
	Shariah advisory fee		62	124
	Accrued expenses		20,170	17,420
	Other liabilities		11,879	10,841
			<u>315,289</u>	<u>285,043</u>
12.1	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.			
12.2	Payable to Associated undertakings		Unaudited 31 March 2023 ------(Rupees in '000)-----	Audited 30 June 2022
	- Al-Feroz (Private) Limited		910	950
	- Dolmen (Private) Limited		909	949
	- Dolmen Real Estate Management (Private) Limited		28,872	31,353
			<u>30,691</u>	<u>33,252</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

- 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 2022: 11.980 million) has been maintained in the Scheme's Financial Statements.

13 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March, 2023

14 ADMINISTRATIVE AND OPERATING EXPENSES

	Nine months period ended		Quarter ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees in '000)			
SECP Monitoring fee	16,678	16,678	5,559	5,560
Property management fee	212,777	179,494	68,638	61,558
Ancillary income collection fee	30,447	23,764	10,385	8,257
Common area maintenance charges	36,788	33,109	10,210	10,800
Legal and professional charges	9,318	6,503	2,895	2,429
Utility expenses	1,049	989	180	244
Marketing expenses	40,025	34,682	13,149	12,787
Takaful fee	24,466	20,502	8,037	6,734
Property and advertisement taxes	13,652	12,989	4,930	4,267
Auditors' remuneration	4,200	2,487	1,627	646
Renovation expense	38,282	35,079	15,782	7,449
Provision against rent receivables	6,585	-	-	-
Shariah advisory fee	186	186	62	62
Others	5,272	2,880	639	804
	439,725	369,342	142,093	121,597
15 OTHER INCOME				
Profit on deposit	168,146	74,980	56,155	26,216
Reversal of accrual of renovation and marketing expenses	647	-	-	-
	168,793	74,980	56,155	26,216

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

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 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 condensed interim financial statements for the period ended 31 March 2023.

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, 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 NINE MONTHS PERIOD ENDED 31 MARCH 2023**

17.1 Transactions during the period:

Unaudited
31 March 2023 **31 March 2022**
------(Rupees in '000)-----

Name of the related party	Relationship and percentage unitholding	Transactions during the period		
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	36,788	33,109
		Common area maintenance paid	41,918	30,878
		Expenses incurred on behalf of the Scheme	170	564
		Reimbursement of expenses incurred on behalf of the Scheme	827	918
		Property Management Fees	212,777	179,494
		Property Management Fees Paid	217,832	151,095
		International Complex Projects Limited	Common directorship (2021: Parent company holding 75% units)	Rentals received
		Dividend paid	-	1,100,732
Retail Avenue (Private) Limited	Common directorship	Rental income	11,125	7,965
		Rentals received	11,125	7,965
Al-Feroz (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	21,115	9,385
		Rentals received	21,115	9,385
		Dividend paid	1,059,037	308,538
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	21,112	9,385
		Rentals received	18,769	7,039
		Dividend paid	1,059,037	308,538
Sindbad Wonderland (Private) Limited	Common directorship	Rental income	59,092	28,663
		Rentals received	52,027	17,887
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses incurred on behalf of the Scheme	901	-
		Management Fee	97,329	-
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee	16,221	13,387
Tristar International Consultant (Pvt) Ltd	Valuer	Valuation Fee	424	424
		Valuation Fee Paid	452	565

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

17.2 Balances outstanding at the period end:

**31 March
Unaudited
2023** **30 June
(Audited)
2022**
-----**(Rupees in '000)**-----

Name of the related party	Relationship and percentage shareholding	Period end balances		
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	3,715	8,845
		Expenses payable incurred on behalf of the Scheme	1,434	1,783
		Payable of withheld security deposit of tenants	458	458
		Property Management Fee Payable	25,157	27,222
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	40	40
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rent receivable	-	85
		Net payable in respect of purchase consideration of investment property	909	909
		Payable against purchase of equipment for maintenance	40	40
Retail Avenue (Private) Limited	Common directorship	Rent receivable	-	66
Sindbad Wonderland (Private) Limited	Common directorship	Rent receivable	7,065	466
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses payable incurred on behalf of the Scheme	952	51
		Management Fee Payable	33,797	32,518
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee Payable	10,866	5,138
Tristar International Consultant (Pvt) Ltd	Valuer	Valuation Fee Payable	254	283

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

18 EARNINGS PER UNIT - BASIC AND DILUTED

	<i>Note</i>	Nine months period ended		Quarter ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
(Rupees in '000)					
Profit after taxation		3,414,518	4,101,969	1,013,688	855,490
----- (Number of Units) -----					
Weighted average number of ordinary units during the period		2,223,700,000	2,223,700,000	2,223,700,000	2,223,700,000
----- (Rupees) -----					
Earnings per unit - Basic and diluted	<i>18.1</i>	1.5355	1.8447	0.4559	0.3847
18.1 Earnings per unit comprises as follows:					
Distributable income - earnings per unit		1.3160	1.0571	0.4559	0.3847
Undistributable unrealised fair value gains - earnings per unit	<i>18.1.1</i>	0.2195	0.7876	0.00	0.00
		1.5355	1.8447	0.4559	0.3847

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.

19 CASH AND CASH EQUIVALENTS

	<i>Note</i>	(Unaudited) 31 March 2022	(Audited) 30 June 2022
(Rupees in '000)			
Short-term investment			617,589
Bank balances	<i>10</i>	1,617,453	950,206
		1,617,453	1,567,795



Chief Financial Officer



Chief Executive Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2023**

20 FAIR VALUES

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

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

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

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

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

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

21 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors of the RMC in their meeting held on 11 April 2023 have declared and approved an interim cash dividend for the quarter ended 31 March 2023 of Re.0.45 per unit amounting to Rs 1,000.665 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.

22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the RMC on 27 April 2023



Chief Financial Officer



Chief Executive Officer



Director



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

Arif Habib Centre,
23, M.T. Khan Road, Karachi-74000
TEL: (92-21) 32460717-9, 32468102
FAX No: (92-21) 32466824
E-MAIL: reit@arifhabibdolmenreit.com
Website: www.arifhabibdolmenreit.com