

DOLMEN CITY REIT

QUARTERLY REPORT SEPTEMBER

2023



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

SAPPHIRE



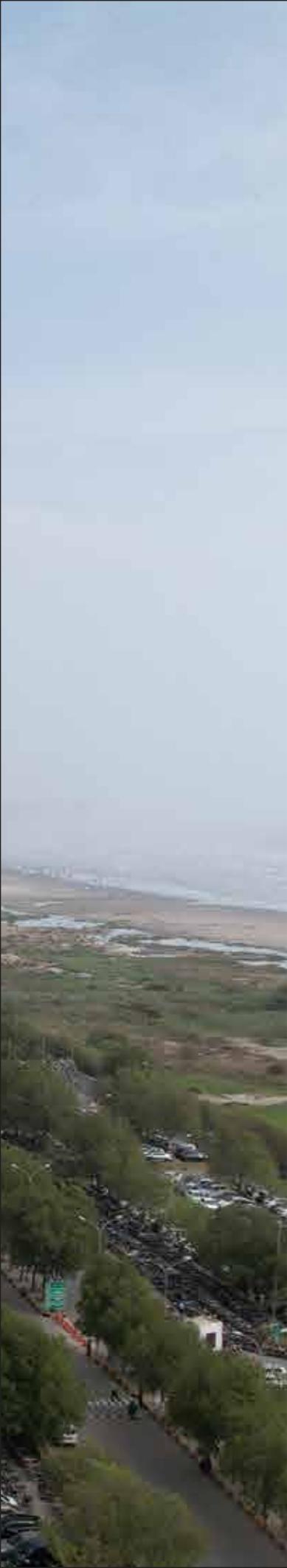


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SCHEME'S INFORMATION

Management Company

Arif Habib Dolmen REIT Management Limited

Board of Directors

Mr. Arif Habib	Chairman
Mr. Nadeem Riaz	Director
Mr. Naeem Ilyas	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Muhammad Noman Akhter	Independent Director
Mr. Abdus Samad A. Habib	Director
Mr. Faisal Nadeem	Director
Mr. Sajid Ullah Sheikh	Director
Mr. Muhammad Ejaz	Chief Executive Officer

Audit Committee

Mr. Naeem Ilyas	Chairman
Mr. Abdus Samad A. Habib	Member
Mr. Sajid Ullah Sheikh	Member
Mr. Muhammad Noman Akhter	Member

Human Resource & Remuneration Committee

Ms. Tayyaba Rasheed	Chairperson
Mr. Abdus Samad A. Habib	Member
Mr. Sajid Ullah Sheikh	Member
Mr. Muhammad Ejaz	Member

Other Executives: Mr. Razi Haider CFO & Company Secretary
Mr. Murtaza Shabbir 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
Fasal 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 Auditor KPMG Taseer Hadi & Co. Chartered Accountant, Sheikh Sultan Trust
Building No.2, Beaumont Road, Civil Lines, Karachi, 75530

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

Legal Advisor Mohsin Tayabaly & CO. Corporate Legal Consultants, 1st Floor, Dime
Center, BC -4 Block 9, Kekashan, Clifton Karachi.

Property Manager: Dolmen Real Estate Managemet (Private) Limited.

Property Valuer: MYK Associates (Pvt.) Limited MYK HOUSE, 52-A, Block 'B', Street # 5,
Muslim Cooperative Housing Society (S.M.C.H.S.), Karachi.

Shariah Advisor: Alhamd Shariah Advisor Service (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



DIRECTORS' REPORT

Dear Unitholders

The Board of Directors of Arif Habib Dolmen REIT Management Limited is pleased to present the Directors' Review report for the three months ended September 30, 2023 of financial year 2023-24 for Dolmen City REIT (DCR) - the Scheme.

Financial and Operational Performance

Summary of financial performance - Three months ended September 30, 2023:

Description	Sep 23 PKR (million)	Sep 22 PKR (million)
Rental Income	1,200.24	1,024.31
Marketing Income	60.29	53.79
Administrative Expense	(166.46)	(133.65)
Net Operating Income	1,094.06	944.45
Other Income	85.32	50.51
Distributable Profit	1,136.12	957.62

DCR exhibited strong financial and operational performance. It has consistently maintained occupancy of over 98%. As on September 30, 2023, the Weighted Average Lease Expiry 'WALE' of Dolmen City Mall (66% of the total leasable area) is around 6.48 years and that of the Harbour Front (34% of the total leasable area) is around 5.61 years.

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

Description	Dolmen Mall Clifton	Harbour Front	Total
Leasable Area as at September 2023 (in Sq ft)	549,112	257,162	806,274
Leased Area in September 2023 (Sq ft)	539,912	249,962	789,874
Occupancy Percentages (September 2023)	98.30%	97.20%	97.96%
Leased Area as at June 2023	538,906	249,962	788,868
Occupancy Percentages (June 2023)	98.10%	97.20%	97.84%
Occupancy variation in three months	1,006	-	1,006

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 three months ended September 30, 2023		
Month	*Daily Average	Total for the Month
July	23,582	731,037
August	24,887	771,505
September	22,265	667,949

* 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.

Summer Carnival: Dolmen Summer Surprises has consistently proven to be a resounding success each year. Once again, this event has been thoughtfully scheduled for the month of July, aligning with the traditional summer festivities enjoyed globally.

Independence Day: The 14th of August marks Independence Day, a pivotal and eagerly awaited event celebrated each year at Dolmen Mall to foster a sense of patriotism among our valued customers. The event offers customers the opportunity to win enticing prizes through both lucky draws and Dolmen Malls' social media platforms.

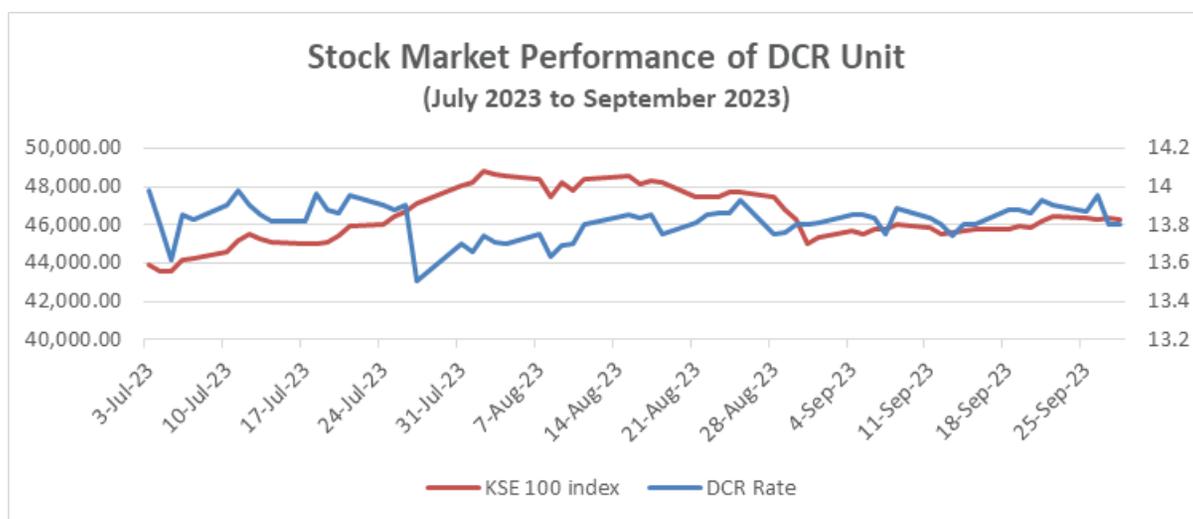
Dolmen Whatsapp for Business: Dolmen Whatsapp delves into the exciting world of WhatsApp Chatbots, discovering how this transformative technology can redefine the way to connect with the audience, improve customer support, and drive business forward in a digital age.

Beauty Festival: The event's core aim was to bring together premier brands from the beauty and personal care industry, offering customers the opportunity to interact with experts representing various brands and engage in activities for a chance to win gift hampers. Ultimately, the event's objective was to foster and deepen customer loyalty towards Dolmen.

DCR Unit's Performance

During the three months period under review, DCR units traded at an average price of PKR 13.82 touching a high of PKR 13.98 and a low of PKR 13.51 per unit. During the same period KSE100 index moved in the range between 43,552.83 to 48,764.55. The units of DCR remained stable with beta of 0.30 (which means for every 1 percent change in the value of benchmark index; DCR price would likely change by only 0.30 percent, beta here represents low volatility).

The Net Asset Value 'NAV' per Unit of DCR is PKR 31.26 as on September 30, 2023, which was PKR 31.25 as at June 30, 2023.



Dividend Distribution

The Board of Directors has declared and approved an interim cash dividend of PKR 0.50 per unit for the quarter ended September 30, 2023. This translates into annual dividend yield of 20% at par value.

Business Environment

Pakistan's economy shrank previously, but stringent import controls encouraged the use of local products, and a promising agricultural outlook stemmed from increased crop production. Gradual relaxation of import restrictions is set to boost the industrial sector, and related services like wholesale and retail. Improved agricultural output and currency stability from regulatory actions against the black market are expected to ease inflation, likely leading to increased retail spending in the near future.

Outlook

Dolmen City exclusively accommodates financially stable tenants, and DCR's performance indicates consistently high occupancy and agreed rental levels with our tenants. With expert property management, extended lease durations, comprehensive marketing efforts, a diverse tenant mix, and strong landlord-tenant relationships, we are confident that Dolmen City will remain the preferred destination for shoppers, retail operators, and corporations.

Rigorous oversight by the Trustee, RMC, Shariah Advisor, and SECP ensures compliance with REIT Regulations and other relevant laws and standards, delivering a consistently rewarding investment experience to DCR's Unit Holders.

Acknowledgement

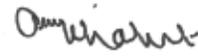
We are thankful to DCR's valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustee of DCR, the Property Manager and business partners for their continued cooperation and support. We also appreciate the effort put in by the management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

For and on behalf of the Board



Muhammad Ejaz
Chief Executive

Karachi
October 27, 2023



Muhammad Arif Habib
Chairman

Condensed Interim Statement of Financial Position

As at 30 September 2023

	Note	Unaudited September 30, 2023	Audited June 30, 2023
----- (Rupees in '000) -----			
ASSETS			
Non - current assets			
Total non - current assets - Investment property	6	68,046,859	68,046,859
Current assets			
Rent receivables	7	130,700	106,175
Short term deposits, prepayments and other assets	8	305,354	239,722
Profit accrued		20,000	20,314
Short-term investments	9	770,700	750,700
Bank balances	10	1,096,500	1,131,446
Total current assets		2,323,254	2,248,357
Total assets		<u>70,370,113</u>	<u>70,295,216</u>
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
Capital Reserve		46,091,205	46,091,205
Revenue Reserve		1,192,414	1,168,142
Total unit holders' fund		<u>69,520,619</u>	<u>69,496,347</u>
Liabilities			
Current liabilities			
Payable to REIT management company	11	36,284	39,305
Security deposits		507,266	497,688
Accrued expenses and other liabilities	12	289,852	247,049
Unclaimed dividend		16,092	14,827
Total current liabilities		849,494	798,869
Total unit holders' fund and liabilities		<u>70,370,113</u>	<u>70,295,216</u>
----- (Rupees) -----			
Net assets value per unit		<u>31.26</u>	<u>31.25</u>
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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 Profit and Loss Account (Un-audited)

For the three months period ended 30 September 2023

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
Income			
Rental income		1,200,241	1,024,312
Marketing income		60,291	53,799
		<u>1,260,532</u>	<u>1,078,111</u>
Administrative and operating expenses	14	(166,467)	(133,652)
Net operating income		<u>1,094,065</u>	<u>944,459</u>
Other income	15	85,327	50,514
		<u>1,179,392</u>	<u>994,973</u>
Management fee	11.1	(32,822)	(28,334)
Sindh Sales Tax on management fee	11.1	(4,267)	(3,683)
Trustee's remuneration	12.1	(5,470)	(4,722)
Sindh Sales Tax on trustee remuneration	12.1	(711)	(614)
		<u>(43,270)</u>	<u>(37,353)</u>
Profit before change in fair value of investment property		<u>1,136,122</u>	<u>957,620</u>
Unrealised gain on remeasurement of fair value of Investment property	6	-	-
Profit before taxation		<u>1,136,122</u>	<u>957,620</u>
Taxation	16	-	-
Profit after taxation for the period		<u>1,136,122</u>	<u>957,620</u>
------(Rupees)-----			
Earnings per unit - Distributable income		0.5109	0.4306
Earnings per unit - Undistributable Income / Unrealised fair value gains		-	-
Earnings per unit - Basic and diluted	18	<u>0.5109</u>	<u>0.4306</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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the three months period ended 30 September 2023

	<u>Three months period ended</u> <u>September</u> <u>30, 2023</u>	<u>September</u> <u>30, 2022</u>
	----- (Rupees in '000) -----	
Profit after taxation for the period	1,136,122	957,620
Other comprehensive income	-	
Total comprehensive income for the period	<u>1,136,122</u>	<u>957,620</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

Condensed Interim Statement of Changes In Unit Holders' Fund (Un-audited)

For the three months period ended 30 September 2023

	Units	Reserves			Total Reserves	Unit holders' fund
		Capital Reserves		Revenue Reserves		
		Premium on issue of units - net	Fair Value Reserve (note 18.1.1)	Unappropriated profit		
----- (Rupees in '000) -----						
Balance as at 30 June 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 2021 (Rs. 0.41 per unit)	-	-	-	(911,717)	(911,717)	(911,717)
	-	-	-	(911,717)	(911,717)	(911,717)
Total comprehensive income for the the period - profit for the period	-	-	-	957,620	957,620	957,620
Balance as at 30 September 2022	22,237,000	281,346	40,584,189	972,660	41,838,195	64,075,195
Balance as at 30 June 2023 (audited)	22,237,000	281,346	45,809,859	1,168,142	47,259,347	69,496,347
Transactions with owners						
Cash dividend for the year ended 30 June 2023 (Rs. 0.50 per unit)	-	-	-	(1,111,850)	(1,111,850)	(1,111,850)
Cash dividend for the period ended	-	-	-	(1,111,850)	(1,111,850)	(1,111,850)
Total comprehensive income for the period - profit for the period	-	-	-	1,136,122	1,136,122	1,136,122
Balance as at 30 September 2023	22,237,000	281,346	45,809,859	1,192,414	47,289,019	69,520,619

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 Cash Flow Statement (Un-audited)

For the three months period ended 30 September 2023

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,136,122	957,620
Adjustments for non cash items:			
Reversal of accrual - expenses no more payable		-	(647)
Profit on deposit		(85,327)	(49,867)
		<u>1,050,795</u>	<u>907,106</u>
Working capital changes			
(Increase) / decrease in current assets			
- Rent receivables		(24,525)	21,299
- Short term deposit, prepayments and other assets		(62,987)	(62,981)
increase / (decrease) in current liabilities			
- Payable to the REIT management company		(3,021)	1,186
- Security deposits received- net		9,578	(3,366)
- Accrued expenses and other liabilities		42,803	8,473
Cash generated from operations		<u>1,012,643</u>	<u>871,717</u>
(Tax withheld at source) / tax refund		(2,645)	(4,747)
Net cash generated from operating activities		<u>1,009,998</u>	<u>866,970</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit on deposits received		85,641	40,206
Net cash generated from investing activities		<u>85,641</u>	<u>40,206</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash used in financing activities - Dividend paid		(1,110,585)	(881,365)
Net increase in cash and cash equivalents during the period		(14,946)	25,811
Cash and cash equivalents at beginning of the period	19	1,831,446	1,567,795
Cash and cash equivalents at end of the period	19	<u>1,816,500</u>	<u>1,593,606</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 information (Un-audited)

For the three months period ended 30 September 2023

1 STATUS AND NATURE OF BUSINESS

1.1 Dolmen City REIT ("the Scheme") was established under Trust Deed, dated 20 January 2015, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee. The Scheme 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-ended, shariah compliant rental REIT. The Scheme is listed on Pakistan Stock Exchange. On 25 October 2022, VIS Credit Rating Company Limited assigned rating ""AAA(rr)"" 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 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 A 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 2023. 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 information (Un-audited)

For the three months period ended 30 September 2023

The comparatives in the condensed interim statement of financial position as at 30 September 2023 have been extracted from the audited financial statements of the Scheme for the year ended 30 June 2023, 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 30 September 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 financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Scheme. All figures have been rounded off to nearest thousand of rupees unless 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 2023 except for certain accounting and reporting standards which became effective for annual period beginning on or after 01 July 2023. 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 2023 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 2023.

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 2023.

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 2023

6 INVESTMENT PROPERTY

Note	Unaudited September 30, 2023 ----- (Rupees in '000)	Audited June 30, 2023 ----- (Rupees in '000)
------	---	--

Carrying amount at beginning of the period	68,046,859	62,821,189
Add: Change in fair value of investment property - unrealised gain	-	5,225,670
Carrying amount at end of the period	68,046,859	68,046,859

6.1

- 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 MYK Associates (Private) Limited ('the Valuer') as at June 30, 2023 and December 31, 2022 who is an independent valuer. The valuer is listed with Pakistan Bank Associations 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:

	June 30, 2023 ----- (Rupees in '000)	December 31, 2022 ----- (Rupees in '000)
--	---	---

Cost approach	43,597,876	37,912,347
Sales comparison approach	82,392,388	80,917,938
Income capitalization approach - using capitalization rate of 6% (31 December 2022: 6%)		
(a) Valuer's assessment of rental income	66,751,153	66,718,280
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area	68,046,859	63,309,390

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. 65,914 million (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:

	Audited June 30, 2023 ----- (Rupees in '000)	Unaudited December 31, 2022 ----- (Rupees in '000)
--	--	--

Projected net operating income	4,082,811	3,798,563
Capitalisation rate	6%	6%
Fair value	68,046,850	63,309,390

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 information (Un-audited)

For the three months period ended 30 September 2023

	Change in input	Effect on fair value	
		Audited June 30, 2023	Audited June 30, 2022
------(Rupees in '000)-----			
Projected income (based on existing leasing contracts)	+ 5%	4,190,314	3,716,268
Projected income (based on existing leasing contracts)	- 5%	(4,190,314)	(3,716,268)
Projected operating costs	+ 5%	(787,971)	(575,208)
Projected operating costs	- 5%	787,971	575,208
Capitalization rate	+ 1%	(9,720,978)	(8,974,456)
Capitalization rate	- 1%	13,609,369	12,564,238

7 RENT RECEIVABLES - Unsecured

	Note	September	June
		30, 2023	30, 2023
------(Rupees in '000)-----			
Rent receivables		201,133	176,607
Less: Allowance		(70,433)	(70,432)
		<u>130,700</u>	<u>106,175</u>

8 SHORT TERM DEPOSITS,

Unsecured - Considered good

Security deposit	959	959
Prepayments and advances	86,160	23,173
Advance tax	218,235	215,590
	<u>305,354</u>	<u>239,722</u>

Considered doubtful - unsecured

	4,728	4,728
	<u>310,082</u>	<u>244,450</u>
Less: Provision for doubtful balances	(4,728)	(4,728)
	<u>305,354</u>	<u>239,722</u>

9 SHORT-TERM INVESTMENTS

At amortized cost

Term deposit receipts having original maturity		
- less than three months	9.1	720,000
- more than three months		50,700
		<u>770,700</u>
		<u>617,589</u>
		<u>43,978</u>
		<u>661,567</u>

9.1 This represent term deposit receipts (TDRs) with Askari Bank Limited, carrying expected profit rates ranging from 14% to 20% (2022: 14.5% to 15.5%) per annum with maturities upto 20 December 2023.

10 BANK BALANCES

	Note	Unaudited	Audited
		September	June
------(Rupees in '000)-----			
Saving accounts	10.1	1,096,500	1,131,446
		<u>1,096,500</u>	<u>1,131,446</u>

10.1 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 6.75% to 21% (30 June 2022: 6.75% to 19.0%) per annum.

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 2023

11 PAYABLE TO REIT MANAGEMENT COMPANY

	Note	Unaudited September 30, 2023	Audited June 30, 2023
----- (Rupees in '000) -----			
Management fee payable		29,189	33,246
Sindh Sales Tax		7,044	6,008
Other payables		51	51
	11.1	36,284	39,305

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 September 30, 2023	Audited June 30, 2023
----- (Rupees in '000) -----			
Trustee remuneration	12.1	12,442	6,261
Monitoring fee payable to SECP		27,796	22,237
Payable to associated undertakings	12.2	36,480	33,874
Unearned rental income		148,562	142,260
Sales tax and withholding income tax		5,838	3,315
Federal Excise Duty	12.3	11,980	11,980
Takaful fee		-	-
Shariah advisory fee		62	124
Accrued expenses		31,580	24,579
Other liabilities		15,112	2,419
		289,852	247,049

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.

Unaudited September 30, 2023	Audited June 30, 2023
----- (Rupees in '000) -----	

12.2 Payable to Associated undertakings

- Al-Feroz (Private) Limited	910	950
- Dolmen (Private) Limited	909	949
- Dolmen Real Estate Management (Private) Limited	36,480	31,975
	38,299	33,874

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.

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 2023

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 September 30, 2023.

14 ADMINISTRATIVE AND OPERATING EXPENSES

	Three months period ended	
	September 30, 2023	September 30, 2022
	----- (Rupees in '000) -----	
SECP Monitoring fee	5,559	5,559
Property management fee	74,282	72,792
Ancillary income collection fee	8,535	10,437
Common area maintenance charges	8,218	13,869
Legal and professional charges	3,394	2,391
Utility expenses	249	254
Marketing expenses	16,890	9,232
Takaful fee	17,141	8,215
Property and advertisement taxes	4,361	4,361
Auditors' remuneration	1,286	957
Renovation expense	25,421	4,610
Shariah advisory fee	62	62
Others	1,069	913
	<u>166,467</u>	<u>133,652</u>

15 OTHER INCOME

Profit on deposit	85,327	49,867
Reversal of accrual of renovation and marketing expenses	-	647
	<u>85,327</u>	<u>50,514</u>

16 TAXATION

The Scheme's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Board of Directors of the RMC intends to distribute more than ninety percent of the Scheme's accounting income for the year ending 30 June 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 30 September 2023.

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 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, MYK Associates (Private) Limited being Valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private) Limited, being Property Manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC.

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 potential conflicts of interest of the related party with respect to the Scheme.

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

17.1 Transactions during the period:

Name of the related party	Relationship and percentage unitholding	Transactions during the period	(Unaudited)	September
			September 30, 2023	September 30, 2022
			----- (Rupees in '000) -----	
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	8,218	13,869
		Common area maintenance paid	5,487	18,395
		Expenses incurred on behalf of the Scheme	1,039	170
		Reimbursement of expenses incurred on behalf of the Scheme	1,000	519
		Property Management Fees	86,048	279,563
		Property Management Fees Paid	84,275	244,952
International Complex Projects Limited	Common directorship (2021: Parent company holding 75% units)	Rental income	-	-
		Rentals received	-	-
		Dividend paid	-	-
Retail Avenue (Private) Limited	Common directorship	Rental income	3,647	4,107
		Rentals received	3,671	3,175
Al-Feroz (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	7,742	7,038
		Rentals received	7,742	7,038
		Dividend paid	416,944	341,894
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rental income	7,742	7,038
		Rentals received	12,435	7,038
		Dividend paid	416,944	341,894
Sindbad Wonderland (Private) Limited	Common directorship	Rental income	21,196	19,269
		Rentals received	21,196	19,269
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses incurred on behalf of the Scheme	1,239	901
		Management Fee	37,089	32,017
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee	6,181	5,336

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 2023

17.2 Balances outstanding at the period end:

Name of the related party	Relationship and percentage unitholding	Transactions during the period	(Unaudited)	June
			September 30, 2023	30, 2023
			----- (Rupees in '000) -----	
Dolmen Real Estate Management (Private) Limited	Property Manager	Common area maintenance charges	5,292	2,560
		Expenses payable incurred on behalf of the Scheme	375	1,752
		Payable of withheld security deposit of tenants	458	458
		Property Management Fee Payable	28,980	29,415
Al-Feroz (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rent receivable	-	85
		Net payable in respect of purchase consideration of investment property	-	910
		Payable against purchase of equipment for maintenance	40	40
Dolmen (Private) Limited	Associated company holding 37.5% units (2021: Common directorship)	Rent receivable	-	4,692
		Net payable in respect of purchase consideration of investment property	-	909
		Payable against purchase of equipment for maintenance	40	40
Retail Avenue (Private) Limited	Common directorship	Rent receivable	-	45
Sindbad Wonderland (Private) Limited	Common directorship	Rent receivable	-	7,065
Arif Habib Dolmen REIT Management Limited	Management Company	Expenses payable incurred on behalf of the Scheme	51	51
		Management Fee Payable	37,089	39,254
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee Payable	6,181	6,261

18 EARNINGS PER UNIT - BASIC AND DILUTED

	Note	Three months period ended	
		September 30, 2023	September 30, 2022
		----- (Rupees in '000) -----	
Profit after taxation		1,136,122	957,620
		----- (Number of Units) -----	
Weighted average number of ordinary units during the period		2,223,700,000	2,223,700,000
		----- (Rupees) -----	
Earnings per unit - Basic and diluted	18.1	0.5109	0.4306

Notes to the Condensed Interim Financial information (Un-audited)

For the three months period ended 30 September 2023

18.1 Earnings per unit comprises as follows:

		Three months period ended	
	Note	September 30, 2023	September 30, 2022
		----- (Rupees in '000) -----	
Distributable income - earnings per unit		0.5109	0.4306
Undistributable unrealised fair value gains - earnings per unit	18.1.1	-	-
		<u>0.5109</u>	<u>0.4306</u>

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

	September 30, 2023	June 30, 2023
Short-term investment	720,000	750,700
Bank balances	1,096,500	1,131,446
	<u>1,816,500</u>	<u>1,882,146</u>

20 FAIR VALUES

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

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

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

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

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

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

21 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors of the RMC in their meeting held on 06th October 2023 have declared and approved an interim cash dividend for the quarter ended 30 September 2023 of Re.0.50 per unit amounting to Rs 1,111.850 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 October 2023.



Chief Financial Officer



Chief Executive Officer



Director



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