



**INVESTING TODAY FOR A
PROSPEROUS TOMORROW**
DOLMEN CITY REIT
HALF YEARLY REPORT DECEMBER 31, 2021



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

**INVESTING
TODAY FOR A
PROSPEROUS
TOMORROW**





ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

ABOUT REITS

A Real Estate Investment Trust (REIT) is an entity that professionally manages a pool of money from individuals and institutions to buy developed properties for rent, or to develop real estate and sell or rent it. The proceeds from rent or sale of the property are distributed to the unit holders.





REITS IN PAKISTAN

REIT Regulatory Framework in Pakistan was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, subsequently replaced by REIT Regulations 2015 as amended in 2018. These regulations are comprehensive with the principal focus on the protection of investors' interests. A "REIT Scheme" is a listed, closed-end fund registered under Real Estate Investment Trust Regulations 2015. The three types of REIT schemes in Pakistan are:

Developmental REIT: A Developmental REIT Scheme invests in the development of real estate for Industrial, Commercial or Residential purposes through construction or refurbishment.

Rental REIT: A Rental REIT Scheme invests in Commercial or Residential real estate to generate rental income.

Hybrid REIT: A REIT Scheme having both; a component for rent and for development.



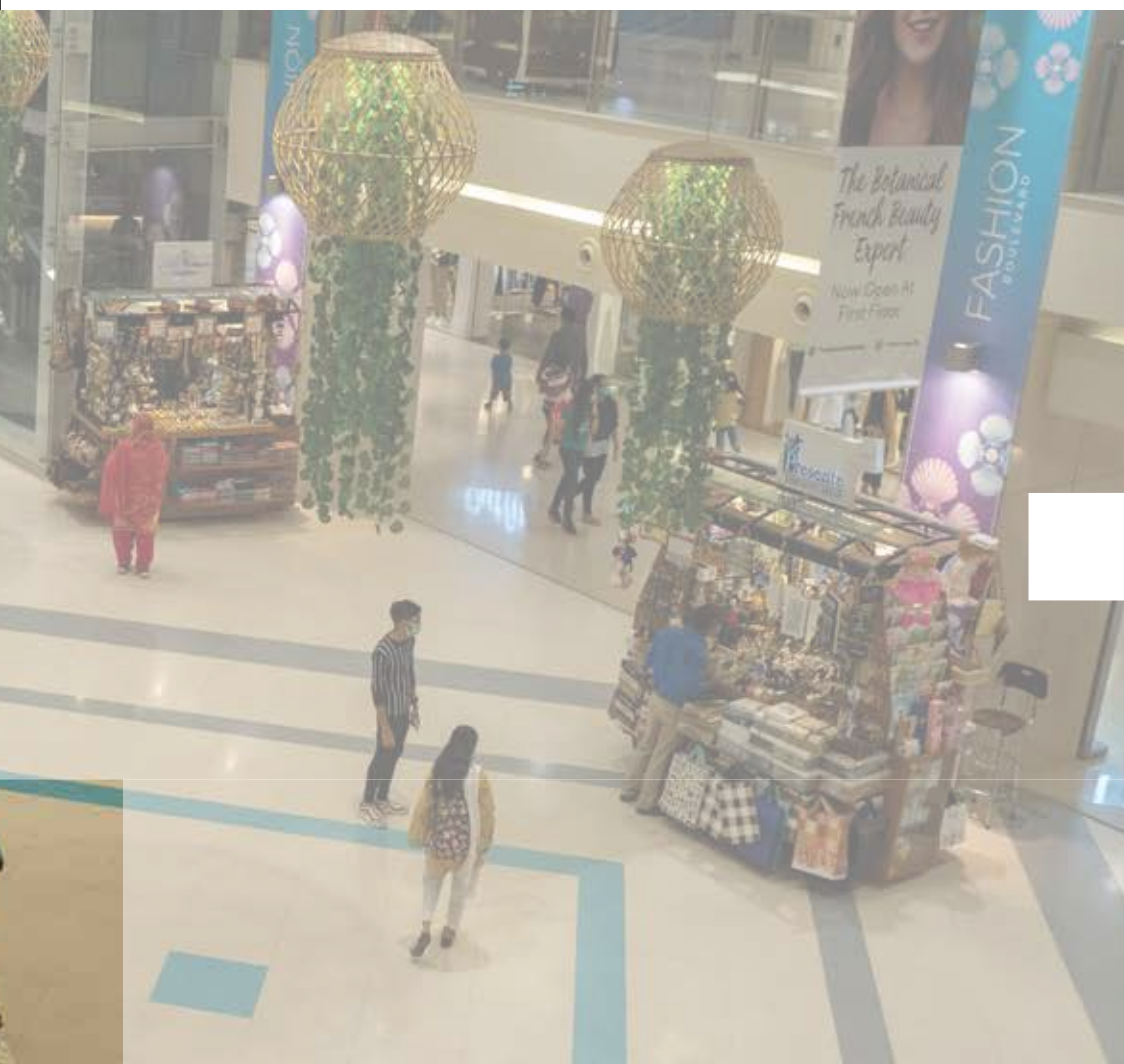


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SCHEME'S INFORMATION

Management Company

Arif Habib Dolmen REIT Management Limited

Board of Directors

Mr. Nasim Beg	Chairman
Mr. Nadeem Riaz	Director
Mr. Naeem Ilyas	Independent Director
Ms. Tayyaba Rasheed	Independent Director
Mr. Abdus Samad A. Habib	Director
Mr. Faisal Nadeem	Director
Mr. Sajidullah Sheikh	Director
Mr. Muhammad Ejaz	Chief Executive Officer

Audit Committee

Mr. Naeem Ilyas	Chairman
Mr. Abdus Samad A. Habib	Member
Mr. Sajidullah Sheikh	Member

Human Resource & Remuneration Committee

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

Other Executives	Mr. Razi Haider Mr. Muneer Gader	CFO & Company Secretary Head of Internal Audit & Compliance
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi.	
Share Registrar	CDC Share Registrar Services Limited CDC House, 99-B, Block B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi.	
Bankers	Bank Al Habib Limited Askari Bank limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited United Bank Limited Allied Bank Limited Bank Alfalah Limited Dubai Islamic Bank National Bank of Pakistan	
External Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No 2 Beaumont Road, Civil Lines, Karachi, 75530	
Internal Auditors	Junaidy Shoaib Asad 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, 2021 of financial year 2021-22.

Overview

FY2022 is predicted to be a year of moving back to normal life as last two years have been quite challenging for retail spending, business growth and the overall economy owing to the ongoing COVID-19 pandemic. By prudently implementing robust measures, Pakistan has effectively controlled infection cases and has catalysed economic recovery. However, threat related to COVID is still present with the increased number of cases of the Omicron variant resulting in new restrictions rolling out worldwide.

DCR continues to deliver strong results. DCR's performance, property management and its close relationship with tenants is evident through maintenance of AAA (rr) – rating (highest investment quality and highest degree of stability in NAV) by the Rating agency and satisfactory Shariah compliance certification by the Shariah advisor.

Response to the Outbreak of COVID-19

The spread of Coronavirus across the globe had caused disruptions to all businesses and economic activities. In Pakistan being no exception; the retail sector faced an unprecedented challenge with lock-down imposed in all places of business. However, the situation has been returning back to normal with improving vaccination rates across the country.

In the back drop of dwindling business activity and falling footfall, tenants were facilitated with waivers / discounts to cover their losses. Discounts were specifically allowed only to tenants of Food Court. However, discounts and waivers allowed in current year were much less compared to last year.

Financial Performance

During the period under review, DCR recorded rental income of **PKR 1,659.75 million** as compared to PKR 1,418.10 million in the corresponding period last year, an increase of 17.04%, which, is a result of gradual revival of economy. Marketing income was recorded at PKR 93.94 million as compared to PKR 61.28

million last year. Administrative and operating expenses during the period were 14.92% of rental income at PKR 247.75 million. Net Operating Income 'NOI' for the period was recorded at PKR 1,505.95 million as compared to PKR 1,264.02 million in the corresponding period with an increase of 19.14%. Other Income for the period was recorded at PKR 48.76 million as compared to PKR 77.38 million in the corresponding period. An amount of Rs 1,751.33 million was also recorded as change in fair value of investment property as valued by Tristar International Consultant (Private) Limited.

Profit for the half year was recorded at **PKR 3,246.48 million**, decreased by **5.02%** from PKR 3,419.28 million in the corresponding period. DCR is a pass-through entity for tax purposes and not liable to income tax provided it meets certain conditions. The profit translates into earnings of **PKR 1.46 per** unit for the half year against **PKR 1.54 per** unit in the corresponding period. Earning per unit comprises of distributable income PKR 0.6724 and un-distributable income PKR 0.7876 as compared to PKR 0.5807 and 0.9569 respectively.

Operational Performance

DCR's real estate has witnessed consistent occupancy levels since inception in 2015. Occupancy at the end of December 2021 was 94.86% (June 30, 2021: 94.71%).

While rent waivers provided by the management along with deferment of escalations in rent as per agreements resulted in lower growth of rental income, we view this as a long term strategic measure to strengthen our partnership with tenants and look forward to more robust performance in the coming quarters. The payoff of this investment in tenant retention is proven by a reduction in the percentage of monthly rent waivers and new tenants coming in including Sohaye, Lulusar, Tesoro, Unze London, Diesel, and Malak among others. Tenancy strategy is focused on encouraging footfall and retail spending through selecting tenants that help each other increase sales by creating shopping/ purchasing synergies resulting in higher overall sales volume from mall operations. Space for new tenants was created by outgoing large tenants including Debenhams, Hobo, Accessories and Monsoon, Sensation, Thredz and others. The vacant space is now utilized for new tenants resulting in a better and more diverse consumer buying experience.

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

Lease Occupancy	Leasable Area	Leased Area December, 2021	Vacant Area December, 2021	Occupancy%
	(in square feet)			
Dolmen Mall Clifton	547,924	532,066	15,858	97.10%
The Harbour Front	256,724	231,268	25,456	90.08%
Total	804,648	763,334	41,314	94.86%

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

Lease Occupancy	Leased Area December, 2021	Leased Area June, 2021	Occupancy Variations	Occupancy Variations%
	(in square feet)			
Dolmen Mall Clifton	532,066	527,118	4,948	0.94%
The Harbour Front	231,268	234,946	(3,678)	(1.57%)
Total	763,334	762,064	1,270	0.17%

Marketing Activities

Marketing and branding activities together with resumption of public confidence amidst the weakening pandemic, kept the Mall bustling with growing footfall during the period under review.

Footfall for the half year ended December 31, 2021		
Month	* Daily Average	Month
July	20,179	484,302
August	21,380	320,693
September	18,982	493,531
October	18,959	549,824
November	20,072	602,151
December	22,299	691,271

* Calculated on basis of operational days.

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

Eid Ul Adha: Eid Ul Adha is one of the most auspicious religious festivals across the country. The

word itself translates into the festival of sacrifice. The purpose of the campaign was to infuse the festivities of Eid in mall through thematic ambience and to take the opportunity of high footfall period to enhance and improve customer. This year the mall went into extensive thematic decorations.

Independence Day:

14th August, Independence Day celebration is one of the most important and anticipated event every year in all the Dolmen Malls. However, this year, due to crisis and government restrictions, we held comparatively low key celebrations. To ensure all SOPs, we limited the event to photo-ops & thematic mall ambiance and avoided close engagement activities. The plan was to give a smile and patriotic feel to our customers during the period. The customers were given chances to win exciting prizes through the lucky draws and social media of Dolmen Malls.

Defense Day:

6th September- Defense Day is celebrated in memory of the sacrifices the Pakistani armed forces made in the war of 1965. We had celebrated the event with full zeal and enthusiasm through full blown decorations theme of Defense Day. The activities that took place during the event were:

- Typography Photo Exhibition
- Kids Art Competition

Dolmen Wheels on Show:

The Dolmen Wheels on Show turned out to be the most interactive event of the year 2021. Despite the threat and fear of COVID; the customers gave huge appreciation to the event while observing the governmental SOPs.

The idea behind 'Dolmen Auto Show' was to create an exhibition of cycles, cars, bikes, and other motor vehicles throughout the Mall to invite & engage Auto Fans and Enthusiasts to provide them with an opportunity to explore different automobile services brands, vintage car exhibition, luxury bikes & cycles options under one roof.

The event consisted of:

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

BeYoutiful

The beauty festival is one of the most awaited events of Dolmen Mall's calendar and this year it was celebrated with the same zeal and spirit as in previous years, while adhering to the coronavirus SOP's. The purpose of the event was to bring the best brands from the beauty & personal care industry under one roof, give customers a chance to interact with experts

through the platform of different brands and provide them a chance to participate in activities to win gift hampers. The objective of the event was to enhance the customer's loyalty towards Dolmen.

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. The shopping coupled with entertainment, mega setups, alluring décor and unlimited giveaways were the key highlights of the event. The 28th version of DSF embarked from 17th Dec 2021 till 9th Jan 2022. The event comprised of the following:

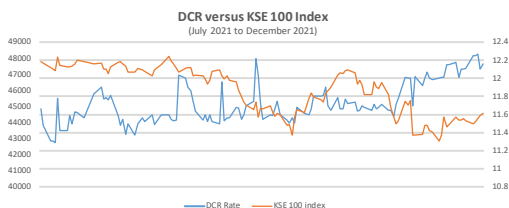
- Thematic Mall Ambiance
- Activations & Creative Installations
- Entertainment & Games
- External Communication & community engagement
- Lucky Draws & Exciting Gifts

The purpose of the event was to reward the shoppers with Mega lucky draw gifts, games and entertainment. All these efforts focused on creating a memorable 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 11.73** and touched a high of **PKR 12.27** and a low of **PKR 11.29** per unit. During the same period KSE100 index moved in the range between **42,876.37** to **48,112.21**. The stock of DCR remained stable with beta of **0.34** (which means for every 1 rupee change in the value of a share in the benchmark; DCR price would likely change by only **0.34** paisa, beta here represents low volatility and elasticity).

The Net Asset Value 'NAV' per Unit of DCR is PKR 26.62 at the half year ended on December 31, 2021 and was PKR 25.82 as at June 30, 2021. DCR at its closing Unit price of PKR 12.16 on December 31, 2021 traded at a discount of 54.32 % to its NAV represents the immense capital gain potential for its investors.



Dividend Distribution

The board of directors have declared and approved an interim cash dividend of **PKR 0.37 per unit** for the quarter ended December 31, 2021. This is in addition to dividend distributed in September 30, 2021 quarter ended September 30, 2021 of **PKR 0.33** per unit. It will translate into annual dividend yield of 14.0%. The said dividend will be entitled to those unit holders whose name will appear in the register of unit-holder on the close of business on February 3, 2022.

Business Environment

Karachi's real estate market is experiencing a strong bounce-back from the Corona slowdown, general economic shuffle which affected all sectors. While buyers remain cautious, especially with the judicial system focus on the demolition of properties with dubious approvals and deviations from permissible land use, demand for "clean" properties remains robust especially in the residential segment. Pricing has seen significant correction which is compounded by the Rupee devaluation and subsequent impact on construction costs. Fixed income tax rate introduced for projects registered under Amnesty scheme has seen several residential products hastily entering the market with a product for every budget.

Office and retail segments have seen comparatively slower growth, both in terms of augmentation to supply and take up. Both revenue and operating profits have remained sluggish amid the challenging economic environment. Recently, gradual recovery has been observed in these segments led mostly by smaller commercial office and retail options in housing schemes.

Outlook

Dolmen City remains the aspiration for office and retail developments across the country. Shuffling of tenants during the Covid times and challenging economics of

the country has now settled down and 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 and support during Covid times, we remain confident that Dolmen City will remain the destination of choice for shoppers, retail operators and corporations alike.

The Mall footfall is rapidly approaching pre-Covid levels with the professional management carefully curating shopping events to attract customers throughout the year. As Covid has activated e-commerce in the country with online shopping on the rise, Dolmen has ensured the "mall experience" continues to pull in the crowds maintaining its status as the first customer choice for shopping.

Going forward, rental escalations coupled with optimal occupancy would be the prime revenue driver for the Mall.

The Trustee, RMC, Shariah Advisor and the SECP together ensure 180 degree vigilance, and compliance to REIT Regulations and other applicable laws and standards. These factors continue to provide DCR's Unit Holders with a rewarding investment.

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
January 21, 2022



Nasim Beg
Chairman

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

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S.M.C.H.S., Main Shahra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdc-pakistan.com
Email: info@cdc-pak.com

**TRUSTEE REPORT TO THE UNIT HOLDERS
DOLMEN CITY REIT****Report of the Trustee pursuant to Regulation 15(1)(xiv) of the Real Estate
Investment Trust Regulations, 2015**

We Central Depository Company of Pakistan Limited, being the Trustee of Dolmen City REIT (the Fund) are of the opinion that Arif Habib Dolmen REIT Management Limited, being the Management Company of the Fund has materially complied with the Business Plan during the period ended December 31, 2021.

We would like to draw the attention of the unit holders towards the fact that gross revenue earned is lower than proportionate revenue projections given in the business plan for the Year 2021-22 due to multiple discounts given by the Management Company to maintain tenant occupancy level.

Badiuddin Akber
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 25, 2022


ALHAMD SHARIAH ADVISORY SERVICES
(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمده و نصلى على رسوله الكريم

Bi-Annual Shariah Advisor's Report

For the period ended December 2021

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) 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: 18th Jan, 2022

MUFTI UBAID UR RAHMAN ZUBAIRI

For and on behalf of

Alhamd Shariah Advisory Services Private Limited





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بسم اللہ الرحمن الرحیم

نحمدہ و نصلی علی رسولہ الکریم

ششماہی شریعہ ایڈوائزر رپورٹ

دسمبر ۲۰۲۱

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) 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

۱۸، جنوری ۲۰۲۲



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Independent Auditor's Review Report

To the Unit Holders of Dolmen City REIT

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dolmen City REIT ("the Scheme") as at 31 December 2021 and the related 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, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). REIT Management Company 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.

Other matters

The condensed interim financial statements of the Scheme for the six months period ended 31 December 2020 and the annual financial statements for the year ended 30 June 2021 were reviewed and audited by another firm of Chartered Accountants,

whose review report dated 04 February 2021 and audit report dated 22 October 2021 expressed an unmodified conclusion and opinion respectively.

The figures in the interim financial statements for the three months period ended 31 December 2021 have not been reviewed and we do not express a conclusion thereon.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Nadeem.

Date: 7 February 2022

Karachi

UDIN: RR2021101100ujg7Uc6h



**KPMG Taseer Hadi & Co.
Chartered Accountants**



**Condensed Interim Financial
Statements For The Six Months
Period Ended 31 December 2021**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	(Unaudited) 31 December 2021	(Audited) 30 June 2021 (Restated)
(Rupees in '000)			
ASSETS			
Non-current asset			
Investment property	7	58,085,523	56,334,197
Current assets			
Rent receivables	8	175,190	160,917
Advances, deposit, prepayments and other receivables	9	234,225	206,607
Profit accrued		9,145	7,489
Short-term investments	10	527,909	640,729
Bank balances	11	965,196	734,285
Total current assets		1,911,665	1,750,027
Total assets		59,997,188	58,084,224
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up units (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Capital Reserves		36,129,869	34,378,543
Revenue Reserves		836,021	808,510
Total unit holders' fund		59,202,890	57,424,053
Current liabilities			
Payable to REIT Management Company	12	28,606	25,113
Security deposits	4	438,978	405,983
Accrued expenses and other liabilities	13	314,061	217,275
Unclaimed dividend		12,653	11,800
Total current liabilities		794,298	660,171
Total unit holders' fund and liabilities		59,997,188	58,084,224
----- (Rupees) -----			
Net assets value per unit		26.62	25.82

CONTINGENCIES AND COMMITMENTS

14

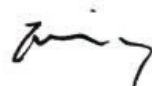
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer




Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2021

		Six months period ended		Three months period ended	
	Note	31 December 2021	31 December 2020	31 December 2021	31 December 2020
(Rupees in '000)					
Revenue					
Rental income		1,659,753	1,418,103	889,370	815,322
Marketing income		93,942	61,282	54,255	44,339
		1,753,695	1,479,385	943,625	859,661
Administrative and operating expenses	15	(247,745)	(215,365)	(149,571)	(115,264)
Net operating income		1,505,950	1,264,020	794,054	744,397
Other income	16	48,764	77,378	26,643	22,321
		1,554,714	1,341,398	820,697	766,718
Management fee	12.1	(45,179)	(37,921)	(23,822)	(22,332)
Sindh Sales Tax on management fee	12.1	(5,873)	(4,930)	(3,097)	(2,903)
Trustee's remuneration	13.1	(7,530)	(6,320)	(3,971)	(3,722)
Sindh Sales Tax on trustee remuneration	13.1	(979)	(822)	(516)	(484)
		(59,561)	(49,993)	(31,406)	(29,441)
Profit before change in fair value of investment property		1,495,153	1,291,405	789,291	737,277
Unrealised gain on remeasurement of fair value of investment property	7	1,751,326	2,127,871	1,751,326	2,127,871
Profit before taxation		3,246,479	3,419,276	2,540,617	2,865,148
Taxation	17	-	-	-	-
Profit for the period		3,246,479	3,419,276	2,540,617	2,865,148
----- (Rupees) -----					
Earnings per unit - Distributable income		0.67	0.58	0.35	0.33
Earnings per unit - Undistributable unrealised fair value gains		0.79	0.96	0.79	0.96
Earnings per unit - Basic and diluted	19	1.46	1.54	1.14	1.29

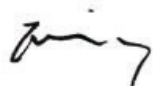
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX AND THREE MONTHS PERIOD ENDED 31 DECEMBER 2021

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>----- (Rupees in '000) -----</u>			
Profit for the period	3,246,479	3,419,276	2,540,617	2,865,148
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	3,246,479	3,419,276	2,540,617	2,865,148

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

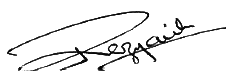


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

	Issued, subscribed and paid up units	Reserves			Total Reserves	Unit holders' fund
		Capital Reserves		Revenue Reserves		
		Premium on issue of units - net	Fair Value Reserve (note 19.1.1)	Unappropriated profit		
		(Rupees in '000)				
Balance as at 1 July 2020	22,237,000	281,346	28,176,476	587,551	29,045,373	51,282,373
Transactions with owners:						
Cash dividend for the year ended 30 June 2020 (Rs. 0.20 per unit)	-	-	-	(444,740)	(444,740)	(444,740)
Cash dividend for the period ended 30 September 2020 (Rs. 0.25 per unit)	-	-	-	(555,925)	(555,925)	(555,925)
	-	-	-	(1,000,665)	(1,000,665)	(1,000,665)
Total comprehensive income for the six months period ended	-	-	2,127,871	1,291,405	3,419,276	3,419,276
Balance as at 31 December 2020	22,237,000	281,346	30,304,347	878,291	31,463,984	53,700,984
Balance as at 1 July 2021	22,237,000	281,346	34,097,197	808,510	35,187,053	57,424,053
Transactions with owners						
Cash dividend for the year ended 30 June 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Cash dividend for the period ended 30 September 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
	-	-	-	(1,467,642)	(1,467,642)	(1,467,642)
Total comprehensive income for the six months period ended	-	-	1,751,326	1,495,153	3,246,479	3,246,479
Balance as at 31 December 2021	22,237,000	281,346	35,848,523	836,021	36,965,890	59,202,890

The annexed notes from 1 to 24 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 2021

Note	Six months period ended	
	31 December 2021	31 December 2020
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,246,479	3,419,276
Adjustments for non cash items:		
Increase in fair value of investment property	(1,751,326)	(2,127,871)
Profit on deposits	(48,764)	(39,745)
	1,446,389	1,251,660
Working capital changes		
(Increase) / decrease in current assets		
- Rent receivables	(14,273)	(24,545)
-Advances, deposit, prepayments and other receivables	(27,567)	108
Increase / (decrease) in current liabilities		
- Payable to the REIT management company	3,493	18,583
- Security deposits received- net	32,995	22,296
- Accrued expenses and other liabilities	96,786	(88,114)
Cash generated from operations	1,537,823	1,179,988
Tax (paid) / refund	(51)	62,811
Net cash from operating activities	1,537,772	1,242,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit on deposits received	47,108	42,775
Short-term investments - net	(1,160)	-
Net cash flow from investing activities	45,948	42,775
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash (used in) financing activities - Dividend paid	(1,466,789)	(1,003,565)
Net increase in cash and cash equivalents	116,931	282,009
Cash and cash equivalents at beginning of the period	1,334,285	1,113,362
Cash and cash equivalents at end of the period	1,451,216	1,395,371

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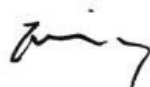
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dolmen City REIT (Scheme) was established under Trust Deed, dated 20 January 2015, executed between Arif Habib Dolmen REIT Management Limited (AHDRL), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the Real Estate Investment Trust Regulations, 2015 (REIT Regulations, 2015), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (SECP).

The Trust Deed of the Scheme was registered on 20 January 2015 whereas approval of the registration of the REIT Scheme has been granted by the SECP on 29 May 2015. The Scheme is a Perpetual, Closed-end, Shariah Compliant, Rental REIT. The Scheme is listed on Pakistan Stock Exchange. The Scheme is rated "AAA(rr)" by VIS Credit Rating Company Limited. The registered office of the REIT Management Company is situated at Arif Habib Center, 23 M.T. Khan Road, Karachi. All of the activities undertaken by the Scheme during the six months period ended 31 December 2021 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principle of Shariah.

- 1.2 The Scheme commenced its commercial activities on 01 June 2015. The Scheme was the subsidiary of International Complex Projects Limited (ICPL) (75% holding). The Board of Directors of the ICPL in its meeting held on 22 April 2021 has approved the scheme of Arrangement for the 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 through its order dated 03 November 2021. Consequently, units held by ICPL are being transferred to its associated undertakings as envisaged in the said Scheme in equal proportion i.e. Dolmen (Private) Limited (37.5% holding) and Al Feroze (Private) Limited (37.5% holding).

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements (here-in-after referred to as the "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 applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34 (IAS - 34), Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- The Real Estate Investment Trust Regulations 2015 (the REIT Regulations).

In case where requirements differ, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the REIT Regulations have been followed.

- 2.1.1 These interim financial statements do not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the annual financial statements of the Scheme as at and for the year ended 30 June 2021. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Scheme's financial position and performance since the last annual financial statements.
- 2.1.2 These interim financial statements are being submitted to the unit holders as required by the listing regulations of Pakistan Stock Exchange Limited and section 237 of the Companies Act, 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

2.2 New or Amendments/ Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are certain amendments which are effective from annual period beginning on or after 1 July 2021. These amendments are not likely to have an impact on the Scheme's financial position. Therefore these are not started in the Interim Financial Statement

2.3 Standards, interpretations and amendments to published approved accounting 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 2022:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified 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 shall apply those amendments retrospectively in accordance with IAS 8.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

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 entities provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring entities 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 the Scheme'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) – The amendments 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 the Scheme 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 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 Scheme applies the amendments.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments 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, entities 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.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends 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 amendments are not likely to have an impact on Scheme's interim financial statements.

2.4 Basis of measurement

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

2.5 Functional and presentation currency

These interim financial statements have been presented in Pakistan Rupees which is the Scheme's functional and presentation currency. The amounts are rounded off to the nearest thousand except otherwise stated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Scheme as at and for the year ended 30 June 2021.

4 RESTATEMENT

Upto 30 June 2021, the security deposits received from tenants / Lessees were classified as non current liabilities based on term of the lease / rent agreements. IAS-1" Presentation of Financial Statements" (IAS-1) requires that an 'entity shall classify a liability as current when the liability is due to be settled within twelve months after the 'reporting period; or it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

During the period, the requirements of IAS-1 for classification of liabilities between non-current and current have been reconsidered as these security deposits are adjustable with dues or any amount due from tenants/ lessees at any point of time and cancelable period of lease / rent agreement generally is not more than three months. Accordingly, due to the nature of the security deposits the classification of the security deposits has been changed and presented as current liabilities as at 31 December 2021 with retrospective effect and accordingly comparatives have been restated.

4.1 Effect of change

The above change has been made in accordance with the requirements of IAS-8, 'Accounting Policies, 'Changes in Accounting Estimates and Errors' in these interim financial statements with retrospective effect 'and restatement of amounts previously presented are stated below:

	30 June 2021		
	As previously reported	As restated	Restatement
	----- (Rupees in '000) -----		
Effect on statement of Financial Position			
Security Deposit - Non-current Liabilities	245,671	-	(245,671)
Security Deposit - Current Liabilities	160,312	405,983	245,671

5 USE OF ESTIMATES AND JUDGMENTS

In preparing these interim financial statements, management has made judgement, estimates and assumptions that affect the application of the Scheme's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in these interim financial statements to the carrying amount of the assets and liabilities and assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment are the same as those that applied to annual financial statements as at and for the year ended 30 June 2021.

6 FINANCIAL RISK MANAGEMENT

The Scheme's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Scheme as at and for the year ended 30 June 2021.

7 INVESTMENT PROPERTY

	Note	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
Carrying amount at beginning of the period / year		56,334,197	50,413,476
Add: Unrealised gain on remeasurement of fair value of investment property		1,751,326	5,920,721
Carrying amount at end of the period / year	7.1	<u>58,085,523</u>	<u>56,334,197</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

7.1 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 31 December 2021 and 30 June 2021. The Valuer used all prescribed approaches to value the investment property as per the clause 7 (a) of Schedule VI to the REIT Regulations, 2015. The valuations are summarised below:

	(Unaudited) 31 December 2021	(Audited) 30 June 2021
	(Rupees in 000)	
Cost approach	34,605,206	33,165,329
Sales comparison approach	73,079,734	70,951,198
Income capitalization approach - using capitalization rate of 6% (30 June 2021: 6%)		
(a) Valuer's assessment of rental income	59,033,812	57,168,543
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area	58,085,523	56,334,197

The clause 7 (c) of Schedule VI to the REIT Regulations, 2015, states that the Valuer shall provide an explanation of the relative strengths and weakness of various approaches and explicitly state the approach that is most appropriate for the REIT Scheme. The valuer in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "income capitalisation approach" is the most appropriate approach used for income producing properties i.e. rental properties. The valuer has determined two values under income capitalisation approach as stated above, however recommended that the valuation on the projected NOI based on existing rental agreements and expected rent for the vacant area is most appropriate for the Scheme. Accordingly, investment property has been valued in this interim financial information 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. 58,463.79 million (30 June 2021: Rs. 56,760.959 million).

The fair value measurement for the investment property has been categorised within Level 3 fair value hierarchy which is considered as highest and best use of investment property.

Sensitivity analysis

Change in each of the below significant unobservable input would have effect on fair value of investee properties as shown below. The analysis assumes that all other variables remain constant and is performed on the same basis as for annual financial statements for the year ended 30 June 2021.

	(Unaudited) 31 December 2021	
	Change in input	Effect on fair value (Rupees in '000)
- Projected income (based on existing leasing contracts)	+ 5%	3,438,811
- Projected income (based on existing leasing contracts)	- 5%	(3,438,811)
- Projected operating costs	+ 5%	(534,535)
- Projected operating costs	- 5%	534,535
- Capitalization rate	+ 1%	(8,297,932)
- Capitalization rate	- 1%	11,617,105

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

8 RENT RECEIVABLES - Unsecured

	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
Rent receivables	216,345	202,072
Less: Loss allowance	(41,155)	(41,155)
	<u>175,190</u>	<u>160,917</u>

9 ADVANCES, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Unsecured - Considered good

Security deposit	959	959
Prepayments and advances	29,084	1,517
Advance tax	204,182	204,131
	<u>234,225</u>	<u>206,607</u>

Considered doubtful - unsecured

	4,728	4,728
	<u>238,953</u>	<u>211,335</u>
Less: Loss allowance	(4,728)	(4,728)
	<u>234,225</u>	<u>206,607</u>

10 SHORT-TERM INVESTMENTS

These represent term deposit receipts (TDRs) with Islamic banks and carry expected profit rates ranging from 10.00% to 10.45% (30 June 2021: 6.75% to 7.30%) per annum with maturities ranging from one to six months. These also include security deposits received by the Scheme from tenants which are kept in separate bank account.

11 BANK BALANCES

	Note	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
Saving accounts	11.1	965,196	734,285

11.1 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.49% to 10.45% (30 June 2021: 2.52% to 6.9%) per annum.

12 PAYABLE TO REIT MANAGEMENT COMPANY

	Note	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
Management fee payable		23,822	20,731
Sindh Sales Tax		4,784	4,382
	12.1	<u>28,606</u>	<u>25,113</u>

12.1 Under the provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding 3% percent of Net Operating Income (NOI) of the Scheme. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax on the remuneration of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable sales tax rate is 13% being effective from 1 July 2016.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

13 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
Trustee remuneration	13.1	4,486	15,054
Monitoring fee payable to SECP		11,118	22,237
Payable to associated undertakings	13.2	43,133	22,444
Unearned rental income		166,710	75,038
Sales tax and withholding income tax payable		44,708	45,093
Federal Excise Duty	13.3	11,980	11,980
Takaful fee		-	1,781
Shariah advisory fee		186	124
Accrued expenses		27,794	16,134
Other liabilities		3,946	7,390
		314,061	217,275

13.1 The Trustee is entitled to an annual remuneration for services rendered upto 0.6% of the annual NOI under the provisions of the REIT Regulations, 2015. However, the Trustee charged annual remuneration at a rate of 0.5% of the annual NOI. The Sindh Government has levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act 2011, effective from 01 July 2015. The current applicable rate is 13% being effective from 1 July 2016.

13.2 Payable to Associated undertakings	(Unaudited) 31 December 2021 (Rupees in '000)	(Audited) 30 June 2021
- International Complex Projects Limited	1,819	1,819
- Dolmen Real Estate Management (Private) Limited	41,314	20,625
- Property Manager	43,133	22,444

13.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the RMC has been applied. The RMC is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable SHC through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act, 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the SHC, as directed, will have effect in the manner prescribed in the judgment. Subsequently, the SHC in its decision dated 30 June 2016 on CP No. D-3547 of 2013 in respect of constitutional petition filed by management companies of mutual funds maintained the aforesaid order on the FED.

The Sindh Revenue Board and the Federal Board of Revenue have filed appeals before Supreme Court of Pakistan (SCP) against the SHC's decision dated 2 June 2016, which is pending for decision. With effect from 01 July 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by Finance Act, 2016. Therefore, the Scheme has discontinued making the provision in this regard. As a matter of abundant caution, without prejudice to the above, an accumulated provision of Rs. 11.980 million (30 June 2021: 11.980 million) has been maintained in these interim financial statements.

14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2021. The contingency disclosed in the annual financial statements for the year ended 30 June 2021 regarding demand of Rs. 32.2 million and 355.9 million through orders issued by Federal Board of Revenue (FBR) dated 28 June 2021 under Section 122(5A) of Income Tax Ordinance, 2001 ("The Ordinance") in respect of tax years 2015 and 2016 respectively has now been settled in the favour of the Scheme by Commissioner Appeal on 29 October 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

15 ADMINISTRATIVE AND OPERATING EXPENSES

	(Unaudited)			
	Six months period ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees in '000)			
SECP monitoring fee	11,118	11,119	5,559	5,560
Property management fee	117,936	94,454	65,750	55,747
Ancillary income collection fee	15,507	10,869	9,126	6,865
Common area maintenance charges	22,309	32,735	14,093	18,068
Legal and professional charges	4,074	12,957	1,191	1,034
Utility expenses	745	793	541	587
Marketing expenses	21,895	15,595	16,108	10,394
Takaful fee	13,768	8,570	6,884	4,285
Property and advertisement taxes	8,722	6,238	4,361	3,119
Auditor's remuneration	1,841	1,301	1,190	650
Renovation expense	27,630	19,110	23,396	8,033
Shariah advisory fee	124	124	62	62
Others	2,076	1,500	1,310	860
	<u>247,745</u>	<u>215,365</u>	<u>149,571</u>	<u>115,264</u>

16 OTHER INCOME

Profit on deposit	48,764	39,745	26,643	21,437
Liabilities no more payable	-	37,633	-	884
	<u>48,764</u>	<u>77,378</u>	<u>26,643</u>	<u>22,321</u>

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 first interim cash dividend of Rs. 733.82 million (Rs. 0.33 per unit) during the months of October 2021 and has declared 2nd interim cash dividend based on result for the six months period ended 31 December 2021 (refer note 22). The REIT Management Company intends to distribute more than ninety percent of the Scheme's accounting income for the year ending 30 June 2022 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash to avail the exemption. Accordingly, no tax provision has been made in these interim financial statements for the six months period ended 31 December 2021.

18 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include Arif Habib Dolmen REIT Management Limited being the Management Company, Central Depository Company of Pakistan Limited, being the Trustee to the Scheme, Tristar International Consultant (Private) Limited being Valuer, International Complex Projects Limited being an associated company, Dolmen (Private) Limited being an associated company, Al Feroze (Private) Limited being an associated company, Dolmen Real Estate Management (Private) Limited, being Property Manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC.

The services provided under REIT Regulations or the trust deed or offering document, by the RMC, Trustee, Valuer, Property Manager shall not be deemed related party transaction.

Transactions with related parties are under 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.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

18.1 Transactions:

	(Unaudited) Six months period ended	
	31 December 2021	31 December 2020
	(Rupees in '000)	
Dolmen Real Estate Management (Private) Limited - Property Manager		
- Common area maintenance charges	22,309	32,735
- Common area maintenance paid	10,305	44,121
- Expenses incurred on behalf of Scheme	379	208
- Reversal of accrual	-	7
- Reimbursement of expenses incurred on behalf of Scheme	667	358
Associate due to common directorship :		
International Complex Projects Limited		
- Rental income	23,461	22,821
- Dividend paid	1,100,732	750,499
Retail Avenue (Private) Limited		
- Rental income	5,079	4,135
Al-Feroz (Private) Limited		
- Rental income	2,346	-
Dolmen (Private) Limited		
- Rental income	2,346	-
- Marketing Income	-	234
Sindbad Wonderland (Private) Limited		
- Rental income	13,069	14,452

18.2 Balances:

	(Unaudited) 31 December 2021	(Audited) 30 June 2021
	(Rupees in '000)	
Dolmen Real Estate Management (Private) Limited - Property Manager		
- Common area maintenance charges	14,092	2,088
- Expenses payable incurred on behalf of Scheme	1,494	1,782
- Payable of withheld security deposit of tenants	458	458
Associate due to common directorship :		
International Complex Projects Limited		
- Rent receivable	171	171
- Net payable in respect of purchase consideration of investment property	1,819	1,819
- Payable against purchase of equipment for maintenance	80	80
Retail Avenue (Private) Limited		
- Rent receivable	66	66
Sindbad Wonderland (Private) Limited		
- Rent receivable	11,706	2,028
Dolmen (Private) Limited		
- Rent receivable	2,346	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

19 EARNINGS PER UNIT - BASIC AND DILUTED

Note	Six months period ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees in '000)			
Profit after taxation	3,246,479	3,419,276	2,540,617	2,865,148
	(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	1.46	1.54	1.14	1.29
19.1 Earnings per unit comprises as follows:				
Distributable income - earnings per unit	0.67	0.58	0.35	0.33
Undistributable unrealised fair value gains - earnings per unit	0.79	0.96	0.79	0.96
19.1.1	1.46	1.54	1.14	1.29

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 not distributable.

19.1.2 There is no impact of dilution on earnings per share as the Scheme did not have any convertible instruments in issue as at 31 December 2021 and 31 December 2020 which would have had any effect on the earnings per share if the option to convert had been exercised.

20 CASH AND CASH EQUIVALENTS

	Note	(Unaudited) 31 December 2021	(Audited) 30 June 2021
		(Rupees in '000)	
Short-term investment	10	486,020	600,000
Bank balances	11	965,196	734,285
		1,451,216	1,334,285

21 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. 7.

22 IMPACT OF COVID-19 ON THE SCHEME OPERATIONS

In Pakistan, the businesses in general and retail sector in particular is facing an unprecedented challenge arising out of situation due to COVID-19. Initially, it was expected to be a short term aberration. However, the situation has not only persisted for far longer than anticipated but also the associated uncertainties continue unabated. The businesses, while complying with the Government's directives, have lost their entire revenue stream from the retail outlets. Similarly, amidst this pandemic, a number of office-building tenants are promoting the culture of work-from-home and considering it unsafe to return to office premises as per their health and safety standards. Even when the Malls were allowed to reopen, tenants were not able to restore their businesses fully and their sales were significantly impacted due to curbs and SOP's placed by the provincial government.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021

The REIT Management Company continuously responded by intensifying customer engagement through digital platforms to encourage footfall and retail sales upon reopening with the implementation of prescribed customer safety protocols. Efforts were also intensified to strengthen the valuable, long term tenant relationships by proactive negotiations to support tenant retention in these challenging times. Tenants at both the Dolmen City Mall and the Harbour Front office building were provided with rental waivers from month to month after carefully assessing the overall situation. Consequently, the Scheme has continued to provide waivers and delaying escalation clauses to its tenants which resulted in decrease of rental income approximately by Rs. 251.197 million during the period ended 31 December 2021.

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

23 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The board of directors of the RMC in their meeting held on 21 January 2022 have declared and approved an interim cash dividend for the quarter ended 31 December 2021 of Re. 0.37 per unit amounting to Rs 822.769 million. These interim financial statements do not include the effect of above announcement which will be accounted for in the period in which it is approved.

24 DATE OF AUTHORISATION FOR ISSUE

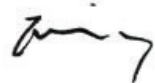
These condensed interim financial statements were authorized for issue by the Board of Directors of the REIT Management Company on 21 January 2022.



Chief Financial Officer



Chief Executive Officer



Director



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REIT MANAGEMENT LIMITED

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