



**INVESTING TODAY FOR A  
PROSPEROUS TOMORROW**

**DOLMEN CITY REIT**

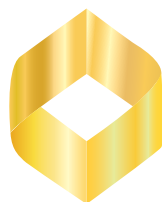
**QUARTERLY REPORT MARCH 31, 2022**



ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED

**INVESTING  
TODAY FOR A  
PROSPEROUS  
TOMORROW**





ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED



## ABOUT REITS

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





## REITS IN PAKISTAN

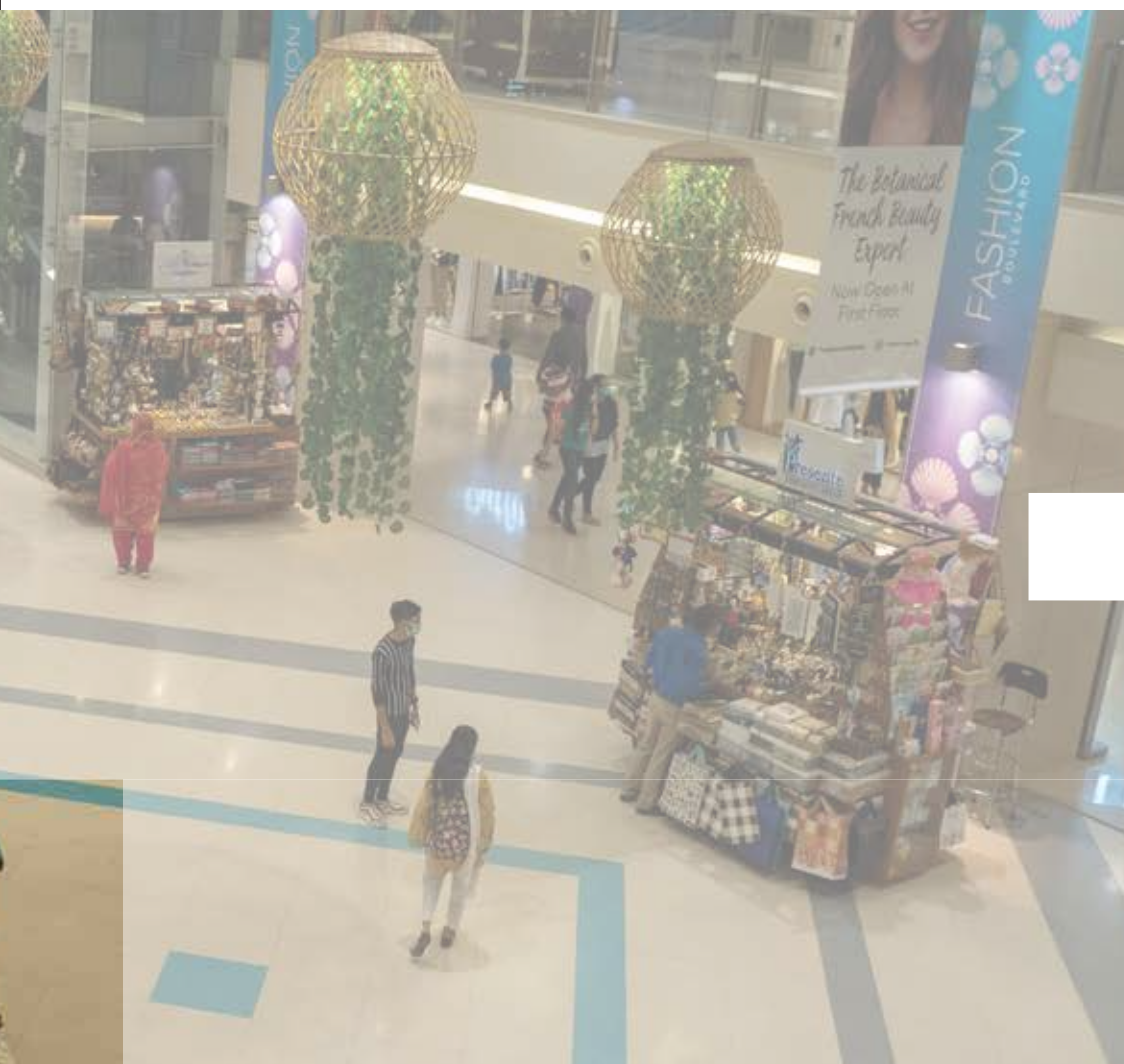
REIT Regulatory Framework in Pakistan was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, subsequently replaced by REIT Regulations 2015 as amended in 2018. These regulations are comprehensive with the principal focus on the protection of investors' interests. A "REIT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

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

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

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





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## SCHEME'S INFORMATION

### Management Company

Arif Habib Dolmen REIT Management Limited

### Board of Directors

Mr. Arif Habib	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. 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
Mr. Muhammad Noman Akhter	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 Director's Report of Dolmen City REIT (DCR) - the Scheme, for the nine months and quarter ended March 31, 2022.**

## Overview

FY22 is predicted to be a year in which we move back to normalcy from extremely challenging past couple of years for retail spending, business growth and overall economy owing to the persisting COVID-19 pandemic. By implementation of robust curtailment measures, Pakistan has effectively controlled infection cases and has catalysed economic recovery, however, disquieting number of cases of the Omicron variant is still a global threat resulting in new restrictions rolling out worldwide.

The pioneering Rental REIT of Pakistan - DCR continues to deliver strong results amidst the pandemic and weathered the challenges with prudent property management. DCR's performance and its close relationship with tenants is evident through sustenance 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

Retail sector in Pakistan faced an unprecedented challenge in the recent past due to lock-down imposed on all in-door places of business. The situation has gradually returned to normal with improving vaccination rates across the country.

In the backdrop of dwindling business activity and subpar footfall; selected group of tenants were facilitated with waivers / discounts and deferment of rent escalations to cover their losses. Discounts were specifically allowed only to tenants of Food Court. However, this year discounts and waivers allowed were much lower compared to those given in the last year.

## Financial Performance

During the nine months period under review, DCR recorded rental income of **PKR 2,581.26 million** as compared to **PKR 2,196.90 million** in the corresponding period last year, an increase of 17.50%, resulting from gradual revival of the economy. Marketing income was recorded at PKR 157.45 million

as compared to PKR 108.89 million last year. Administrative and operating expenses during the period were 14.31% of rental income at PKR 369.34 million. Net Operating Income 'NOI' for the period was recorded at PKR 2,369.37 million as compared to PKR 1,973.35 million in the corresponding period with an increase of 20.07%. Other Income for the period were recorded at PKR 74.98 million as compared to PKR 101.82 million in the corresponding period. Unrealized gain on remeasurement of fair value of investment property was decreased to PKR 1,751.326 million as compared to PKR 2,127.871 million in the corresponding period.

Profit for the nine months period was recorded at **PKR 4,101.97 million**, decreased by **0.56%** from **PKR 4,124.99 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 1.8447** per unit for the nine months ended against **PKR 1.8550** per unit in the corresponding period. Earning per unit comprises of distributable income PKR 1.0571 and un-distributable income PKR 0.7876 as compared to PKR 0.8981 and 0.9569 respectively.

## Operational Performance

DCR's real estate has witnessed consistent occupancy levels since inception in 2015. Occupancy at the end of March 2022 was 94.80% (June 30, 2021: 94.71%).

While waivers / deferment of escalations in rent resulted in lower growth of rental Income, we view this as a long-term strategic measure to strengthen our partnership with tenants and envision robust performance going forward. The payoff of this investment in tenant retention has been the substantial reduction in the monthly rent waivers and new tenants coming in including Sohaye, Lulusar, Tesoro, Unze London, Diesel, and Malak among others. Our 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 volumes 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 quarter end is as follows:

Lease Occupancy	Leasable Area	Leased Area March, 2022	Vacant Area March, 2022	Occupancy%
	(in square feet)			
Dolmen Mall Clifton	547,924	531,612	16,312	97.02%
The Harbour Front	256,724	231,268	25,456	90.08%
Total	804,648	762,880	41,768	94.80%

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

Lease Occupancy	Leased Area March, 2022	Leased Area June, 2021	Occupancy Variations	Occupancy Variations%
	(in square feet)			
Dolmen Mall Clifton	531,612	527,118	4,494	0.85%
The Harbour Front	231,268	234,946	(3,678)	(1.59)%
<b>Total</b>	<b>762,880</b>	<b>762,064</b>	<b>816</b>	<b>0.11%</b>

### 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 nine months period ended March 31, 2022		
Month	* Daily Average	Cumulative Monthly Footfall
July-21	20,179	484,302
August-21	21,380	320,693
September -21	18,982	493,531
October-21	18,959	549,824
November-21	20,072	602,151
December-21	22,299	691,271
January-22	22,205	688,350
February-22	21,556	603,580
March-22	20,847	646,268

\* 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 event was held from 12th July 2021 to 24th July 2021, purpose of the campaign was to infuse the festivities of Eid in mall through thematic ambiance 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 events 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:

- Topography 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 2021-22, it was held on 20th September 2021 to 29th September 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

### **BeYoutify with Dolmen**

The beauty festival held on 15th October 21 to 16th November 21 is one of the most awaited event of Dolmen Mall's calendar and this year it was celebrated with the same feel & engagements as previous years while adhering the coronavirus SOP's. The purpose of the event was to bring the best brands from the beauty & personal care industry under one roof and give customers a chance to interact with experts through the platform of different brands and provide a chance for them 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'28 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.

### **Perfect Present**

The event of Perfect Present was held from 8th –14th February to integrate the seasonal festivities with the internal mall activities. The event is a perfect welcome to the new season bringing pleasure to everyone. The aim of the event was to create an engaging ambiance to enhance in mall experience. The mall was beautifully decorated & engaging setups were placed by different event partners to add value in the overall success of the event. The main purpose of the event was to create a platform for the brands where they can offer gifting options for the loved ones. Dolmen mall to create a lasting customer experience placed a beautiful gift-wrapping van where customer with the shopping worth of 5000PKR or above could get a free gift wrapping through our gift wrapping partner Wrap n Roll.

### **Home Meets Style**

Dolmen Home Meets turned out to be a great success amidst the restrictions of Coronavirus for the mall, it was commenced on 24th February 2022 to 1st March 2022. The purpose of the event is to bring the best brands from the home décor & Furniture industry under one roof and give customers a chance to interact with experts through the platform of different brands and provide a chance for them to participate in activities to win gift hampers. The objective of the event and engagements was to enhance the customer's loyalty towards Dolmen. The mall was exquisitely decorated, and banners were placed to create a good communication of the event within mall.

### **International Women's Day**

Women's Day commenced from 4th March to 8th March this year. The aim of the event was to give tribute to the women of our society and make them feel empowered. We placed a setup in the main atrium to give our valued women customer a perfect welcome to the event. Setup had engaging activities for the women such as pick and envelope for instant giveaways as well as make up beauty station for every woman with the shopping worth of 5000PKR or above.

### **Pakistan Day**

This 23rd March, Dolmen mall sought to evoke a sense of patriotism & pride in the citizens of Pakistan. Through engaging the audience with activities focused on ownership of our rich national heritage. This year the event started on 18th March and lasted till 23rd March. During the event most of the tenants were offering mega discounts due to which the footfall was high. During the event we placed a huge setup in the main atrium for the Pakistan Day celebration along with engaging activities to win instant prizes. The flag hoisting and cake cutting ceremony was hosted in the presence of partner NGO's and celebrities to make it a memorable celebration.

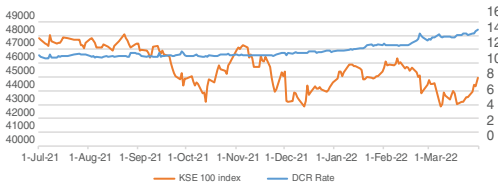


## Unit Performance

During the nine months under review, the stock of 'DCR' traded at an average unit price of **PKR 12.29** and touched a high of **PKR 14.94** 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 **0.24** (which means for every 1 rupee change in the value of a share in the benchmark; DCR price would likely change by only 0.24 paisa, beta here represents low volatility and elasticity).

The Net Asset Value 'NAV' per Unit of DCR is **PKR 26.64** at the nine month period ended March 31, 2022, and was PKR 25.82 as at June 30, 2021. DCR at its closing Unit price of **PKR 14.94** on March 31, 2022, trading at a discount of **43.92 %** to its NAV represents the immense capital gain potential for its investors.

**DCR versus KSE 100 Index**  
(July 2021 to March 2022)



## Dividend Distribution

The board of directors have declared and approved an interim cash dividend of **PKR 0.39** per unit for the quarter ended March 31, 2022. This is in addition to the earlier dividend paid of **PKR 0.37** in December 2021 and **PKR 0.33** in September 2021. It will translate into annual dividend yield of 14.53%. The said dividend will be entitled to those unit holders whose name will appear in the register of unitholder on the on the close of business on 26th April 2022.

For and on behalf of the Board

**Muhammad Ejaz**  
Chief Executive

Karachi, April 13, 2022

## 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 Trustees 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.

**Arif Habib**  
Chairman

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

CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahr-e-Faisal,  
Karachi - 74400, Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.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 quarter ended March 31, 2022.

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: April 28, 2022

**Condensed Interim Financial  
Statements For The Nine Months  
Period Ended 31 March 2022**



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

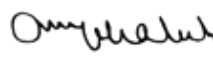
	Note	(Unaudited) 31 March 2022	(Audited) 30 June 2021 (Restated)
<b>----- (Rupees in '000) -----</b>			
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investment property	7	58,085,523	56,334,197
<b>Current assets</b>			
Rent receivables	8	184,025	160,917
Advances, deposit, prepayments and other receivables	9	243,425	206,607
Profit accrued		12,369	7,489
Short-term investments	10	41,889	640,729
Bank balances	11	1,465,714	734,285
<b>Total current assets</b>		<b>1,947,422</b>	<b>1,750,027</b>
<b>Total assets</b>		<b>60,032,945</b>	<b>58,084,224</b>
<b>REPRESENTED BY:</b>			
<b>Unit holders' fund</b>			
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		868,742	808,510
<b>Total unit holders' fund</b>		<b>59,235,611</b>	<b>57,424,053</b>
<b>Current liabilities</b>			
Payable to REIT Management Company	12	30,957	25,113
Security deposits	4	455,384	405,983
Accrued expenses and other liabilities	13	275,533	217,275
Unclaimed dividend		35,460	11,800
<b>Total current liabilities</b>		<b>797,334</b>	<b>660,171</b>
<b>Total unit holders' fund and liabilities</b>		<b>60,032,945</b>	<b>58,084,224</b>
<b>----- (Rupees) -----</b>			
<b>Net assets value per unit</b>		<b>26.64</b>	<b>25.82</b>

**CONTINGENCIES AND COMMITMENTS**

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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**

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE NINE AND THREE MONTHS PERIOD ENDED 31 MARCH 2022**

		Nine months period ended		Three months period ended	
	Note	31 March 2022	31 March 2021	31 March 2022	31 March 2021
----- (Rupees in '000) -----					
<b>Revenue</b>					
Rental income		2,581,264	2,196,895	921,511	778,792
Marketing income		157,450	108,890	63,508	47,608
		2,738,714	2,305,785	985,019	826,400
Administrative and operating expenses	15	(369,342)	(332,436)	(121,597)	(117,071)
<b>Net operating income</b>		2,369,372	1,973,349	863,422	709,329
Other income	16	74,980	101,820	26,216	24,442
		2,444,352	2,075,169	889,638	733,771
Management fee	12.1	(71,081)	(59,200)	(25,902)	(21,279)
Sindh Sales Tax on management fee	12.1	(9,241)	(7,696)	(3,368)	(2,766)
Trustee's remuneration	13.1	(11,847)	(9,867)	(4,317)	(3,547)
Sindh Sales Tax on trustee remuneration	13.1	(1,540)	(1,283)	(561)	(461)
		(93,709)	(78,046)	(34,148)	(28,053)
<b>Profit before change in fair value of Investment property</b>		2,350,643	1,997,123	855,490	705,718
Unrealised gain on remeasurement of fair value of Investment property	7	1,751,326	2,127,871	-	-
<b>Profit before taxation</b>		4,101,969	4,124,994	855,490	705,718
Taxation	17	-	-	-	-
<b>Profit for the period</b>		4,101,969	4,124,994	855,490	705,718
----- (Rupees) -----					
Earnings per unit - Distributable income		1.0571	0.8981	0.3847	0.3174
Earnings per unit - Undistributable unrealised fair value gains		0.7876	0.9569	-	-
<b>Earnings per unit - Basic and diluted</b>	19	1.8447	1.8550	0.3847	0.3174

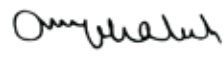
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE AND THREE MONTHS PERIOD ENDED 31 MARCH 2022**

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	<u>----- (Rupees in '000) -----</u>			
Profit for the period	4,101,969	4,124,994	855,490	705,718
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>4,101,969</b>	<b>4,124,994</b>	<b>855,490</b>	<b>705,718</b>

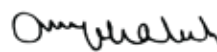
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

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

	Issued, subscribed and paid up units	Capital Reserves	Fair Value Reserve (note 19.1.1)	Revenue Reserves Unappropriated profit	Total reserves	Unit holders' fund
		Premium on issue of units - net				
				(Rupees in '000)		
<b>Balance as at 1 July 2020</b>	22,237,000	281,346	28,176,476	587,551	29,045,373	51,282,373
<b>Transactions with owners:</b>						
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)
Cash dividend for the period ended 31 December 2020 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
	-	-	-	(1,734,486)	(1,734,486)	(1,734,486)
<b>Total comprehensive income for the nine months period ended</b>	-	-	2,127,871	1,997,123	4,124,994	4,124,994
<b>Balance as at 31 March 2021</b>	22,237,000	281,346	30,304,347	850,188	31,435,881	53,672,881
<b>Balance as at 1 July 2021</b>	22,237,000	281,346	34,097,197	808,510	35,187,053	57,424,053
<b>Transactions with owners</b>						
Cash dividend for the year ended 30 June 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Cash dividend for the period ended 30 September 2021 (Rs. 0.33 per unit)	-	-	-	(733,821)	(733,821)	(733,821)
Cash dividend for the period ended 31 December 2021 (Rs. 0.37 per unit)	-	-	-	(822,769)	(822,769)	(822,769)
	-	-	-	(2,290,411)	(2,290,411)	(2,290,411)
<b>Total comprehensive income for the nine months period ended</b>	-	-	1,751,326	2,350,643	4,101,969	4,101,969
<b>Balance as at 31 March 2022</b>	22,237,000	281,346	35,848,523	868,742	36,998,611	59,235,611

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

*Reggie*

## CHIEF FINANCIAL OFFICER

Ejz

## CHIEF EXECUTIVE OFFICER

Omry Yitzchak

DIRECTOR



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

	Note	Nine months period ended 31 March 2022	31 March 2021
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		4,101,969	4,124,994
Adjustments for non cash items:			
Increase in fair value of investment property		(1,751,326)	(2,127,871)
Profit on deposits		(74,980)	(101,820)
		2,275,663	1,895,303
<b>Working capital changes</b>			
(Increase) / decrease in current assets			
- Rent receivables		(23,108)	46,318
-Advances, deposit, prepayments and other receivables		(35,831)	8,014
Increase / (decrease) in current liabilities			
- Payable to the REIT management company		5,844	17,394
- Security deposits received- net		49,401	4,984
- Accrued expenses and other liabilities		58,258	(57,012)
Cash generated from operations		2,330,227	1,915,001
Tax (paid) / refund		(987)	63,194
<b>Net cash from operating activities</b>		2,329,240	1,978,195
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Profit on deposits received		70,100	104,417
Short-term investments - net		(1,160)	-
<b>Net cash flow from investing activities</b>		68,940	104,417
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Net cash (used in) financing activities - Dividend paid</b>		(2,266,751)	(1,738,008)
Net increase in cash and cash equivalents		131,429	344,604
Cash and cash equivalents at beginning of the period		1,334,285	1,113,362
<b>Cash and cash equivalents at end of the period</b>	20	1,465,714	1,457,966

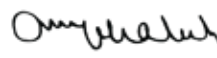
The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

### 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 (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 nine months period ended 31 March 2022 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 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 were 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 NINE MONTHS PERIOD ENDED 31 MARCH 2022

### 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 stated in these interim financial statements.

### 2.3 Standards, interpretations and amendments to published approved accounting standards

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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

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.

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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

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.

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 March 2022 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) -----		
<b>Effect on statement of Financial Position</b>			
Security Deposit - Non-current Liabilities	245,671	-	(245,671)
Security Deposit - Current Liabilities	160,312	405,983	245,671



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

#### 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 March 2022 (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	58,085,523	56,334,197

- 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 (Rupees in 000)	(Audited) 30 June 2021
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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

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

#### 8 RENT RECEIVABLES - Unsecured

	(Unaudited) 31 March 2022	(Audited) 30 June 2021
	(Rupees in '000)	
Rent receivables	225,180	202,072
Less: Loss allowance	(41,155)	(41,155)
	<u>184,025</u>	<u>160,917</u>

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

9	<b>ADVANCES, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES</b>		(Unaudited)	(Audited)
			31 March 2022 (Rupees in '000)	30 June 2021
	<b>Unsecured - Considered good</b>			
	Security deposit		959	959
	Prepayments and advances		37,348	1,517
	Advance tax		205,118	204,131
			<b>243,425</b>	<b>206,607</b>
	<b>Considered doubtful - unsecured</b>		<b>4,728</b>	<b>4,728</b>
			<b>248,153</b>	<b>211,335</b>
	Less: Loss allowance		(4,728)	(4,728)
			<b>243,425</b>	<b>206,607</b>
10	<b>SHORT-TERM INVESTMENTS</b>			
	This represent term deposit receipt (TDR) with Islamic bank and carry expected profit rate of 10.00% (30 June 2021: 6.75% to 7.30%) per annum with maturity of six months. These also include security deposits received by the Scheme from tenants which are kept in separate bank account.			
11	<b>BANK BALANCES</b>	Note	(Unaudited) 31 March 2022 (Rupees in '000)	(Audited) 30 June 2021
	Saving accounts	11.1	1,465,714	734,285
11.1	This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 3.31% to 10.50% (30 June 2021: 2.52% to 6.90%) per annum.			
12	<b>PAYABLE TO REIT MANAGEMENT COMPANY</b>	Note	(Unaudited) 31 March 2022 (Rupees in '000)	(Audited) 30 June 2021
	Management fee payable		25,903	20,731
	Sindh Sales Tax		5,054	4,382
		12.1	<b>30,957</b>	<b>25,113</b>
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 NINE MONTHS PERIOD ENDED 31 MARCH 2022**

<b>13 ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	<b>(Unaudited) 31 March 2022 (Rupees in '000)</b>	<b>(Audited) 30 June 2021</b>
Trustee remuneration	13.1	9,365	15,054
Monitoring fee payable to SECP		16,678	22,237
Payable to associated undertakings	13.2	30,219	22,444
Unearned rental income		142,865	75,038
Sales tax and withholding income tax payable		46,151	45,093
Federal Excise Duty	13.3	11,980	11,980
Takaful fee		-	1,781
Shariah advisory fee		62	124
Accrued expenses		14,372	16,134
Other liabilities		3,841	7,390
		<b>275,533</b>	<b>217,275</b>

**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.

<b>13.2 Payable to Associated undertakings</b>	<b>(Unaudited) 31 March 2022 (Rupees in '000)</b>	<b>(Audited) 30 June 2021</b>
- International Complex Projects Limited	1,819	1,819
- Dolmen Real Estate Management (Private) Limited		
- Property Manager	28,400	20,625
	<b>30,219</b>	<b>22,444</b>

**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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

### 14 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 March 2022. 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.

### 15 ADMINISTRATIVE AND OPERATING EXPENSES

	(Unaudited)			
	Nine months period ended		Three months period ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	(Rupees in '000)			
SECP monitoring fee	16,678	16,678	5,560	5,559
Property management fee	179,494	153,507	61,558	59,053
Ancillary income collection fee	23,764	18,159	8,257	7,290
Common area maintenance charges	33,109	40,785	10,800	8,050
Legal and professional charges	6,503	14,061	2,429	1,104
Utility expenses	989	1,041	244	248
Marketing expenses	34,682	21,889	12,787	6,294
Takaful fee	20,502	12,762	6,734	4,192
Property and advertisement taxes	12,989	9,289	4,267	3,051
Auditor's remuneration	2,487	1,661	646	360
Renovation expense	35,079	34,317	7,449	15,207
Shariah advisory fee	186	186	62	62
Others	2,880	8,101	804	6,601
	<b>369,342</b>	<b>332,436</b>	<b>121,597</b>	<b>117,071</b>

### 16 OTHER INCOME

Profit on deposit	74,980	63,348	26,216	23,603
Liabilities no more payable	-	38,472	-	839
	<b>74,980</b>	<b>101,820</b>	<b>26,216</b>	<b>24,442</b>

### 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 cumulatively distributed interim cash dividends of Rs. 1,556.59 million (Rs. 0.70 per unit) during current financial year upto the month of February 2022 and has declared 3rd interim cash dividend based on result for the nine months period ended 31 March 2022 (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 nine months period ended 31 March 2022.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

### 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:

#### 18.1 Transactions:

	(Unaudited) Nine months period ended	
	31 March 2022	31 March 2021
	(Rupees in '000)	
<b>Dolmen Real Estate Management (Private) Limited - Property Manager</b>		
- Common area maintenance charges	33,109	40,785
- Common area maintenance paid	30,878	52,843
- Expenses incurred on behalf of Scheme	564	408
- Reversal of accrual	12	7
- Reimbursement of expenses incurred on behalf of Scheme	918	428
<b>Associate due to common directorship :</b>		
<b>International Complex Projects Limited</b>		
- Rental income	23,461	35,619
- Dividend paid	1,100,732	1,300,865
<b>Retail Avenue (Private) Limited</b>		
- Rental income	7,965	6,544
<b>Al-Feroz (Private) Limited</b>		
- Rental income	9,385	-
- Dividend paid	308,538	-
<b>Dolmen (Private) Limited</b>		
- Rental income	9,385	-
- Marketing Income	-	468
- Dividend paid	308,538	-
<b>Sindbad Wonderland (Private) Limited</b>		
- Rental income	28,663	18,340

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

#### 18.2 Balances:

	(Unaudited) 31 March 2022 (Rupees in '000)	(Audited) 30 June 2021
<b>Dolmen Real Estate Management (Private) Limited - Property Manager</b>		
- Common area maintenance charges	4,319	2,088
- Expenses payable incurred on behalf of Scheme	1,416	1,782
- Payable of withheld security deposit of tenants	458	458
<b>Associate due to common directorship :</b>		
<b>International Complex Projects Limited</b>		
- 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
<b>Retail Avenue (Private) Limited</b>		
- Rent receivable	66	66
<b>Sindbad Wonderland (Private) Limited</b>		
- Rent receivable	11,894	2,028
<b>Dolmen (Private) Limited</b>		
- Rent receivable	2,346	-

#### 19 EARNINGS PER UNIT - BASIC AND DILUTED

		(Unaudited)			
	Note	Nine months period ended		Three months period ended	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
		(Rupees in '000)			
Profit after taxation		4,101,969	4,124,994	855,490	705,718
		(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	19.1	1.8447	1.8550	0.3847	0.3174
<b>19.1 Earnings per unit comprises as follows:</b>					
Distributable income - earnings per unit		1.0571	0.8981	0.3847	0.3174
Undistributable unrealised fair value gains - earnings per unit		0.7876	0.9569	-	-
	19.1.1	1.8447	1.8550	0.3847	0.3174

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED 31 MARCH 2022

**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 March 2022 and 31 March 2021 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 March 2022 (Rupees in '000)	(Audited) 30 June 2021
Short-term investment	10	-	600,000
Bank balances	11	1,465,714	734,285
		<u>1,465,714</u>	<u>1,334,285</u>

### 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 NINE MONTHS PERIOD ENDED 31 MARCH 2022

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. 306.039 million during the period ended 31 March 2022.

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 13 April 2022 have declared and approved an interim cash dividend for the quarter ended 31 March 2022 of Re. 0.39 per unit amounting to Rs 867.243 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

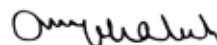
These condensed interim financial statements were authorized for issue by the Board of Directors of the REIT Management Company on 13 April 2022.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER



DIRECTOR



ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED

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