

# **GLOBE RESIDENCY REIT**

Condensed Interim Financial  
Statements for the period ended  
**December 31, 2022**



**DIRECTORS'  
REPORT**

**GLOBE RESIDENCY REIT 'GRR'**

**Accompanying GRR Half Yearly Report**



**December 31, 2022**

**REIT Management Company – Arif Habib Dolmen REIT Management Limited**

## Dear Unit holders of Globe Residency REIT

We are pleased to present the Directors' Review report of Globe Residency REIT (GRR) - the Scheme, for the half-year ended December 31, 2022, on behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited

### Overview

Globe Residency is located within Naya Nazimabad - one of Karachi's largest gated residential housing projects. The REIT scheme comprises of 9 towers, totaling 1,344 apartments on five FL sites aggregating 40,500 square yards. The scheme was listed on the Pakistan Stock Exchange on December 28, 2022, marking it as the first listed developmental REIT in Pakistan.

During the period, GRR entered a Musharaka Agreement with Meezan Bank Limited for 3 towers, based on a 50% sharing of profit and loss. This agreement will assist the scheme in expediting its construction and facilitating sale.

### Financial and Operational Performance

We are pleased to provide a summary of the financial performance of GRR for the half-year ended December 31, 2022, as presented in the following table:

Description	Quarter ended December 31, 2022	Half year ended December 31, 2022
	<b>Rupees in thousands</b>	
Revenue from contracts with customers	1,066,832	1,727,308
Cost of Sales	(830,730)	(1,346,263)
Administrative and Operating Expense	(54,058)	(86,741)
Net Operating Income	182,044	294,304
Gain on Disposal under Musharaka arrangement	52,693	52,693
Profit before Tax	237,398	338,987
EPS per unit (Rupees)	1.59	2.07

Globe Residency REIT consists of a total of 1,344 apartments, of which 408 have been committed under the Musharaka Arrangement with Meezan Bank. As per the agreement, the apartments of Tower 2, 3, and 4 of FL-5 will be sold upon completion of the grey structure. As a result, GRR will hold 408 apartments. We are confident that this arrangement will enable us to maximize the value of our inventory and ensure a steady stream of revenue in the future.

Out of the remaining 936 apartments, we have sold 758 units (81%), with 120 apartments sold during the current period. The inventory was sold for a total consideration of PKR 11.667 billion, including PKR 2.073 billion sold in the current six months. We revised upward the prices of the apartments in response to strong demand and to cater to the impact of the increase in construction cost. The recovery rate of our instalment plan are in the vicinity of 91% exhibiting the quality of our buyers.

The construction progress is on schedule, and we have completed approximately 25% of the construction. This progress is in line with our business plan, and we will continue to monitor it closely to ensure that we meet our timelines and quality standards.

## Outlook

Despite the current economic situation in Pakistan, which has presented certain challenges for the real estate market such as the depreciation of PKR, an increase in interest rates, resulting inflation causing a hike in construction costs, and an overall challenging business environment, we remain confident in our ability to navigate these challenges and capitalize on opportunities presented by the market. We continue to closely monitor the economic landscape and adapt our strategies accordingly to ensure sustainable growth and profitability.

In light of these developments, we are optimistic about the long-term prospects for our Development REIT. We remain committed to delivering high-quality developments that meet the evolving needs of our customers and contribute to the overall growth and development of the real estate sector in Pakistan. Our team is dedicated to maintaining our position as a leading player in the market, and we will continue to work diligently to create value for our unitholders.

## Acknowledgement

We extend our gratitude to our valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, CDC - the Trustee, Arif Habib Development and Engineering Consultants - the Project Manager, and our all other business partners for their continued cooperation and support. We also appreciate the effort put in by the management team and are proud of their commitment towards ensuring the success of our business.

For and on behalf of the Board



**Muhammad Ejaz**  
Chief Executive



**Muhammad Arif Habib**  
Chairman

Karachi  
February 27, 2023





**INDEPENDENT AUDITOR'S REVIEW REPORT**

**TO THE UNIT HOLDERS OF GLOBE RESIDENCY REIT**

**REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Globe Residency REIT (the REIT) as at December 31, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in unitholders' fund and condensed interim statement of cash flows, together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial statements'), for the half year ended December 31, 2022. Management of the REIT Management Company [Arif Habib Dolmen REIT Management Limited] is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed 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.

The engagement partner on the audit resulting in this independent auditor's review report is **Junaid Mesia**.

*A.F. Ferguson & Co.*

A.F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: February 27, 2023

UDIN: RR202210611QpicIBMNG

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Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

GLOBE RESIDENCY REIT  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2022

		December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	Note	(Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	487	603
Contract cost assets	6	20,470	19,467
<b>Total non-current assets</b>		<u>20,957</u>	<u>20,070</u>
<b>Current assets</b>			
Inventory property	5	1,785,308	2,301,375
Current portion of contract cost assets	6	18,277	8,849
Contract assets		1,518,680	916,202
Deposits and other receivables	7	3,755	318,742
Advance for development expenditure	8	481,415	324,453
Bank balances	9	340,809	160,122
<b>Total current assets</b>		<u>4,148,244</u>	<u>4,029,743</u>
<b>Total assets</b>		<u><u>4,169,201</u></u>	<u><u>4,049,813</u></u>
<b>UNIT HOLDERS' FUND AND LIABILITIES</b>			
<b>REPRESENTED BY:</b>			
<b>Unit holders' fund</b>			
Issued, subscribed and paid up units (140,000,000 units of Rs. 10 each)		1,400,000	1,400,000
Reserves		473,721	184,407
<b>Total unit holders' fund</b>		<u>1,873,721</u>	<u>1,584,407</u>
<b>Non-current liabilities</b>			
Long term loan	10	1,166,667	1,400,000
Outstanding land consideration	11	-	500,000
<b>Total non-current liabilities</b>		<u>1,166,667</u>	<u>1,900,000</u>
<b>Current liabilities</b>			
Contract liabilities		84,507	66,015
Commission payable		14,981	524
Payable to suppliers and contractors	12	93,191	128,306
Payable to the REIT Management Company	13	12,986	11,796
Payable to the Central Depository Company of Pakistan Limited - Trustee	14	4,768	1,578
Payable to the Securities and Exchange Commission of Pakistan	15	5,723	2,900
Current portion of outstanding land consideration	11	250,000	200,000
Current portion of long term loan	10.1	233,333	-
Trade payables	16	40,215	-
Accrued expenses and other liabilities	17	328,626	139,800
Accrued markup on long term loan		60,483	14,487
<b>Total current liabilities</b>		<u>1,128,813</u>	<u>565,406</u>
<b>Total liabilities</b>		<u>2,295,480</u>	<u>2,465,406</u>
<b>Contingencies and commitments</b>	18		
<b>Total unit holders' fund and liabilities</b>		<u><u>4,169,201</u></u>	<u><u>4,049,813</u></u>
<b>Net asset value per unit</b>		<u>13.38</u>	<u>11.32</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

AH/SL

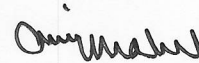
For Arif Habib Dolmen REIT Management Limited  
(Management Company)



Chief Financial Officer



Chief Executive Officer



Director



GLOBE RESIDENCY REIT  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022

		Six months period ended December 31, 2022	Three months period ended December 31, 2022
	Note	----- (Rupees in '000) -----	
Revenue from contracts with customers		1,727,308	1,066,832
Cost of sales	19	(1,346,263)	(830,730)
<b>Gross profit</b>		<u>381,045</u>	<u>236,102</u>
Administrative and operating expenses	20	(86,741)	(54,058)
<b>Net operating income</b>		<u>294,304</u>	<u>182,044</u>
Gain on disposal under Musharaka arrangement	25	52,693	52,693
Other income		13,953	13,642
		<u>360,950</u>	<u>248,379</u>
Remuneration of the REIT Management Company	13.1	(14,115)	(7,057)
Sindh sales tax on remuneration of the REIT Management Company	13.2	(1,835)	(918)
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	14.1	(2,823)	(1,411)
Sindh sales tax on remuneration of the Trustee	14.2	(367)	(184)
Annual fee of the Securities and Exchange Commission of Pakistan	15.1	(2,823)	(1,411)
		<u>(21,963)</u>	<u>(10,981)</u>
<b>Profit before taxation</b>		<u>338,987</u>	<u>237,398</u>
Taxation	21	(49,673)	(15,769)
<b>Profit for the period</b>		<u><u>289,314</u></u>	<u><u>221,629</u></u>
		<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Earnings per unit - Basic and diluted</b>	22	<u><u>2.07</u></u>	<u><u>1.59</u></u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

*Arif Habib*

For Arif Habib Dolmen REIT Management Limited  
(Management Company)

*[Signature]*  
\_\_\_\_\_  
Chief Financial Officer

*[Signature]*  
\_\_\_\_\_  
Chief Executive Officer

*[Signature]*  
\_\_\_\_\_  
Director


GLOBE RESIDENCY REIT  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022

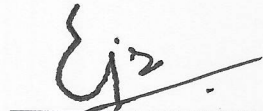
	Six months period ended December 31, 2022 ----- (Rupees in '000) -----	Three months period ended December 31, 2022 -----
Net income for the period after taxation	289,314	221,629
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u>289,314</u>	<u>221,629</u>

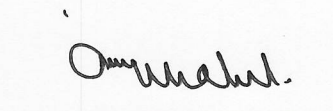
The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

Arif

For Arif Habib Dolmen REIT Management Limited  
(Management Company)

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Director



GLOBE RESIDENCY REIT  
 CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Issued, subscribed and paid up units	Reserves Unappropriated profit	Total unit holders' fund
	(Rupees in '000)		
Balance as at June 30, 2022	1,400,000	184,407	1,584,407
Total comprehensive income for the period	-	289,314	289,314
Balance as at December 31, 2022	<u>1,400,000</u>	<u>473,721</u>	<u>1,873,721</u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

*AHEG*

For Arif Habib Dolmen REIT Management Limited  
 (Management Company)

*[Signature]*

Chief Financial Officer

*[Signature]*

Chief Executive Officer

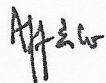
*[Signature]*

Director

GLOBE RESIDENCY REIT  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2022

	Note	December 31, 2022 (Un-audited) (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation		338,987
<b>Adjustments for non-cash items:</b>		
Depreciation expense	20	116
Finance cost	20	20,920
Gain on disposal under Musharaka arrangement		(52,693)
		<u>307,330</u>
<b>(Increase) / decrease in assets</b>		
Inventory property		516,067
Contract cost assets		(10,431)
Contract assets		(602,478)
Deposits and other receivables		314,987
Advance for development expenditure		(156,962)
		<u>61,183</u>
<b>Increase / (decrease) in liabilities</b>		
Contract liabilities		18,492
Commission payable		14,457
Payable to suppliers and contractors		(35,115)
Payable to the REIT Management Company		1,190
Payable to the Central Depository Company of Pakistan Limited - Trustee		3,190
Payable to the Securities and Exchange Commission of Pakistan		2,823
Outstanding land consideration		(450,000)
Accrued expenses and other liabilities		159,581
		<u>(285,382)</u>
Finance cost paid		25,076
Tax paid		(38,383)
Carrying amount of inventory property sold to joint operator	25	(660,977)
Development expenditures paid on behalf of joint operator	25	(116,885)
		<u>(708,038)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Musharaka Capital	25	888,725
<b>Net cash generated from financing activities</b>		<u>888,725</u>
		<u>180,687</u>
Cash and cash equivalents at the beginning of the period		160,122
		<u>340,809</u>
<b>Cash and cash equivalents at end of the period</b>	9	<u><u>340,809</u></u>

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.



For Arif Habib Dolmen REIT Management Limited  
(Management Company)



Chief Financial Officer



Chief Executive Officer



Director



**GLOBE RESIDENCY REIT  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2022**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Globe Residency REIT (the REIT) is established under Trust Deed dated December 24, 2021, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee; and is governed under the Real Estate Investment Trust Regulations, 2022 (REIT Regulation, 2022), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (SECP).

The Trust Deed of the REIT was registered on December 24, 2021 whereas approval of the registration of the REIT has been granted by the SECP on December 14, 2021. The REIT is established with the objective of upliftment and construction of the acquired Real Estate including construction of residential units under the project named "Globe Residency Apartments" (the Project) for generating income for Unit Holders. The Project has been acquired from Javedan Corporation Limited and as per the approval received by the RMC from the Securities and Exchange Commission of Pakistan (the SECP) vide letter number SECP/SCD/PRDD/REIT/GRR/2021/51, the Project has been transferred on as-is-where-is basis to the REIT structure. The effective date of the transfer of the Project from the structure of Javedan Corporation Limited to the REIT structure was April 01, 2022. The REIT has a limited life (5 years), and is a Close-end, Developmental REIT. The registered office of the REIT Management Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi.

The Globe Residency REIT / the Project is registered with the Federal Board of Revenue (FBR) as a builder / developer by virtue of which the taxability of the REIT / the Project will be determined under Section 100D and Eleventh Schedule of Income Tax Ordinance, 2001. The tax liability determined shall be final tax.

The FBR, through the Finance Act 2020, has introduced Section 100D and Eleventh Schedule which later became part of Income Tax Ordinance, 2001. Section 100D introduced a fixed tax REIT for builders and developers from tax year 2020 (and onwards) whereby tax payable by a builder or a developer earning profits and gains derived from the sale of buildings or sale of plots, who opts for assessment under this section, shall be computed and paid in accordance with the rules in the Eleventh Schedule on a project-by-project basis.

During the period, the REIT has been listed on the Pakistan Stock Exchange Limited (PSX) with the approval of the Securities Exchange and Commission of Pakistan on December 28, 2022 under REIT Regulations 2022. The units of the REIT were "offered for sale" by the sponsors upon listing.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

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

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the REIT Regulations, 2022 and the requirements of the Trust Deed differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, and the REIT Regulations, 2022 have been followed.

- 2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the IAS 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the audited financial statements of the REIT for the period from April 01, 2022 to June 30, 2022.

- 2.1.3 These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

*Arif Habib*



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT POLICIES

3.1 The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the REIT for the period from April 01, 2022 to June 30, 2022.

3.2 The preparation of the condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing the condensed interim financial statements, the significant judgments made by the management in applying the REIT's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the period from April 01, 2022 to June 30, 2022. The REIT's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the period from April 01, 2022 to June 30, 2022.

#### 3.3 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards that are mandatory for the REIT's annual accounting period beginning on July 01, 2022. However, these do not have any significant impact on the REIT's operations and, therefore, have not been detailed in these condensed interim financial statements.

#### 3.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

There are certain new standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the REIT's annual accounting periods beginning on or after July 01, 2023. However, these will not have any significant effects on the REIT's operations and are, therefore, not detailed in these condensed interim financial statements.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
<b>4</b>			
<b>PROPERTY AND EQUIPMENT</b>			
Opening net book value		603	693
Additions during the period		-	-
		603	693
Less: Net book value of disposals during the period / year		-	-
Less: Depreciation expense for the period		(116)	(90)
		(116)	(90)
		<u>487</u>	<u>603</u>
<b>5</b>			
<b>INVENTORY PROPERTY</b>			
Carrying amount at beginning of the period / Project acquisition		2,301,375	27,777
Net additions during the period			
Land		-	3,240,000
Land transfer duties and taxes		-	19,148
Development expenditures		333,308	249,862
Interest capitalised	5.1	88,681	18,237
Construction materials utilised		1,173,368	792,588
Amount received from joint operator	25	(116,885)	-
		1,478,472	4,319,835
Sold to joint operator under Musharaka arrangement	25	(660,977)	-
Transfers to Cost of sales	5.2	(1,333,562)	(2,046,237)
		<u>1,785,308</u>	<u>2,301,375</u>

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- 5.1 This relates to borrowing cost incurred on term finance facility as discussed in note 12.1. The borrowing costs have been capitalized for inventory properties as these are qualifying assets.
- 5.2 The revenue is measured using an input method. By using costs incurred method as a measure of progress for its contracts, the REIT's cumulative performance has been measured at 37.74% as at December 31, 2022 (June 30, 2022: 27.66%). The cumulative performance percentage of the total costs capitalised with respect to inventory properties that have been contracted to be sold, have been recognised in cost of sales cumulatively.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
<b>5.3 Break-up of inventory property</b>		------(Rupees in '000)-----	
Musharaka Asset	0.0	777,862	-
Other inventory property		1,007,446	2,301,375
		<u>1,785,308</u>	<u>2,301,375</u>

## 6 CONTRACT COST ASSETS

Current portion		18,277	8,849
Non-current portion		20,470	19,467
Total contract cost assets		<u>38,747</u>	<u>28,316</u>

### 6.1 Movement in contract cost assets

Carrying amount at beginning of the period / Project acquisition		28,316	33,630
Additions		23,132	5,404
Amortisation for the period (recognised in cost of sales)		(12,701)	(10,718)
Total contract cost assets		<u>38,747</u>	<u>28,316</u>

- 6.2 The REIT capitalised the sales commissions paid or payable to its brokers for contracts obtained to sell apartments as they represent incremental costs of obtaining a contract. The capitalised costs are amortised on a systematic basis that is consistent with the revenue recognition policy and amortisation for the period is recognised in cost of sales.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
<b>7 DEPOSITS AND OTHER RECEIVABLES</b>		------(Rupees in '000)-----	
Receivable from Javedan Corporation Limited		-	318,644
Profit on bank balances receivable		3,655	-
Short term deposit	7.1	100	100
		<u>3,755</u>	<u>318,744</u>

- 7.1 This represents security deposit paid to the Central Depository Company of Pakistan Limited (Trustee).

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
<b>8 ADVANCE FOR DEVELOPMENT EXPENDITURE</b>		------(Rupees in '000)-----	
Mobilization advance to contractors	8.1	285,153	318,653
Advance to supplier	8.2	162,513	5,800
Advance to Project Manager		33,749	-
		<u>481,415</u>	<u>324,453</u>

- 8.1 This represents mobilization advances paid in accordance to the agreements signed for upgradation of access road and allied works to M/s. Abaseen Construction Company (Pvt.) Ltd (Contractor), M/s. Principal Builders (Contractor), M/s. AH Construction (Pvt.) Limited (Contractor) and M/s. Karizma Construction and RF Associates (Contractors).

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- 8.2 This represents balance of advance amount paid to M/s. Yusuf Batool (Supplier), M/s. Agha Steel Industries Ltd (Supplier), M/s. Faizan Steel (Supplier), M/s. Infinite Building Solutions (Supplier), M/s. National Technology Corporation (Supplier) and M/s. Safe Mix (Supplier) in accordance to the agreements signed for supply construction materials.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>9 BANK BALANCES</b>			
Savings accounts	9.1	<u>340,809</u>	<u>160,122</u>

- 9.1 These saving accounts carry mark-up at rates ranging from 7.88% to 15.50% (June: 8.25% to 12.25%) per annum. Markup income recognised during the period amounted to Rs. 13.95 million.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>10 LONG TERM LOAN</b>			
Term finance facility	10.1	<u>1,166,667</u>	<u>1,400,000</u>
		<u>1,166,667</u>	<u>1,400,000</u>

- 10.1 Term finance facility

Term finance facility		1,400,000	-
Less: current portion of term finance facility		<u>(233,333)</u>	-
Long-term portion of term finance facility		<u>1,166,667</u>	-

- 10.1.1 The long term financing facility has been availed from Bank Alfalah Limited (the Bank) to facilitate in meeting financing requirements for purchase of land and construction thereon of residential apartments under REIT project. The Bank has approved a facility of Rs. 1,400 million at a profit rate of 6 months KIBOR + 1.25% spread. The loan is repayable in six equal half-yearly instalments starting from September 30, 2023. The facility requires to create, register, where applicable, and maintain, throughout the tenor, a mortgage on the Real Estate in favour of the Bank for a maximum secured amount of Rs. 1,866.67 million. The tenor of financing is 4 years from the date of disbursement (including 1 year grace period). Principal and markup to be paid on semi-annual basis.

	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>11 OUTSTANDING LAND CONSIDERATION</b>			
Current portion		250,000	200,000
Non-current portion		-	500,000
		<u>250,000</u>	<u>700,000</u>

- 12 PAYABLE TO SUPPLIERS AND CONTRACTORS**

Payable to supplier	12.1	79,624	128,306
Payable to contractor	12.2	13,567	-
		<u>93,191</u>	<u>128,306</u>

- 12.1 This represents balance of amounts payable to M/s. Agha Steel Industries Limited, M/s. Faizan Steel, M/s. Safe Mix Concrete Limited, M/s Naveena, M/s Al Makkah, and M/s Excel Enterprise in accordance to the agreements signed for supply of construction materials.

- 12.2 This represents balance of amounts payable to M/s. Principle Builders in accordance with the agreements signed for upgradation of access road and allied works.

App'd



	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>13 PAYABLE TO THE REIT MANAGEMENT COMPANY</b>			
Remuneration of the REIT Management Company	13.1	7,058	6,981
Sindh sales tax on remuneration of the REIT Management Company	13.2	917	908
		<u>7,975</u>	<u>7,889</u>
Others		5,011	3,907
		<u>12,986</u>	<u>11,796</u>
<b>13.1</b>	The RMC is entitled to a remuneration for services rendered to the REIT, as stated in the Offering Document and Information Memorandum, under the provisions of REIT Regulations, 2022. The management company charges fee at the rate of 1.0% of REIT Fund. The management fee is payable on a quarterly basis in arrears.		
<b>13.2</b>	The Sindh Government has levied Sindh Sales Tax on the remuneration of RMC through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2014. The current applicable tax rate is 13% being effective from July 01, 2016. During the period, an amount of Rs. 1.835 million has been charged on account of sales tax on remuneration of the Trustee.		
	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>14 PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE</b>			
Trustee fee payable	14.1	4,219	1,396
Sindh sales tax on remuneration of the Trustee	14.2	549	182
		<u>4,768</u>	<u>1,578</u>
<b>14.1</b>	The Trustee is entitled to an annual remuneration for services rendered to the REIT under the provisions of the Trust Deed. Accordingly, the REIT has charged Trustee remuneration at a rate of 0.2% per annum of initial REIT Fund during the current period and an amount of Rs. 2.823 million has been recognized in the condensed interim profit or loss account.		
<b>14.2</b>	The Sindh Government has levied Sindh sales tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2015. The current applicable rate is 13% being effective from July 01, 2016. During the period, an amount of Rs. 0.367 million has been charged on account of sales tax on remuneration of the Trustee.		
	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>15 PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN</b>			
Annual fee payable	15.1	5,723	2,900
<b>15.1</b>	Under the provisions of the REIT Regulations, 2022, the REIT is required to pay monitoring fee to SECP at an amount equal to 0.20% of REIT fund size per annum.		
	Note	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
----- (Rupees in '000) -----			
<b>16 TRADE PAYABLES</b>			
Payable to joint operators	16.1	40,215	-
		<u>40,215</u>	<u>-</u>
<b>16.1</b>	This represents payable to joint operator in relation to the joint operation under Musharaka arrangement, as disclosed in note 25 to these condensed interim financial statements.		

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	December 31, 2022 (Un-audited)	June 30, 2022 (Audited)
	------(Rupees in '000)-----	
<b>17 ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
Sales tax and withholding income tax payable	28,116	23,325
Auditor's remuneration payable	1,080	1,080
Payable to project manager	112,946	75,326
Payable to consultant	2,063	-
Payable to Javedan Corporation Limited	87,292	-
Payable to REIT Accountant	250	-
Unit registrar's fee payable	429	191
Other liabilities	30,928	3,601
Tax payable	65,522	36,277
	<u>328,626</u>	<u>139,800</u>
<b>18 CONTINGENCIES AND COMMITMENTS</b>		
There were no contingencies and commitments outstanding as at December 31, 2022 and June 30, 2022.		
	Note	Six months period ended December 31, 2022 (Un-audited) (Rupees in '000)
<b>19 COST OF SALES</b>		
Transfers from inventory property	5	1,333,562
Amortisation of contract cost assets	6.1	12,701
		<u>1,346,263</u>
<b>20 ADMINISTRATIVE AND OPERATING EXPENSES</b>		
Project management fee	20.1	40,211
REIT Accountant Fees		2,108
Fees and subscriptions		7,063
Legal and professional charges		563
Marketing expense		10,230
Depreciation expense		116
Auditors' remuneration		5,130
Finance cost		20,920
Bank charges		14
Other charges		386
		<u>86,741</u>
<b>20.1</b>	These represent project management fee accrued for the period from July 01, 2022 to December 31, 2022. In accordance with the regulation 15 (viii) of the REIT Regulations, 2022, the RMC is obliged to appoint a development advisor with the consent of the Trustee. For this purpose, Arif Habib Development & Engineering Consultants (Private) Limited (the Project Manager) has been engaged to manage and supervise the Project, effectively from March 31, 2022. The responsibilities of the Project Manager include material procurement, sales and marketing, collections from customers, contracts preparation, and coordination and supervision of the Project. The Project Manager is entitled to receive fees equivalent to 15% of the profit before tax generated by the REIT. The fee shall be payable, on a monthly basis, to the Project Manager at the higher of 1.5% of monthly sales collection and Rs. 5 million.	
	Note	Six months period ended December 31, 2022 (Un-audited) (Rupees in '000)
<b>21 TAXATION</b>		
Tax charge for the current period	21.1	67,628
Liability transferred to joint operator	25	(17,955)
Current tax expense		<u>49,673</u>

Arif Habib



- 21.1 As discussed in note 1, the Project is registered in the aforesaid tax scheme (i.e. under Section 100D and Eleventh Schedule to the Income Tax Ordinance, 2001). As per the scheme, total tax liability for the REIT arrived at Rs 236.7 million which is to be paid on a quarterly basis. Out of Rs 236.7 million, Rs. 67.6 million relates to the current period and accordingly has been recognised in these condensed interim financial statements. Under the scheme, total tax liability has to be paid till September 2023.

	Six months period ended December 31, 2022 (Un-audited) (Rupees in '000)
<b>22 EARNINGS PER UNIT - BASIC AND DILUTED</b>	
Total earnings for the period	<u>289,314</u>
	(Number in Units)
Weighted average number of ordinary units during the period	<u>140,000,000</u>
	(Rupees)
Earnings per unit - basic and diluted	<u>2.07</u>

- 22.1 Diluted earnings per certificate has not been presented as the REIT does not have any convertible instruments in issue as at December 31, 2022 which would have any effect on the earnings per certificate if the option to convert is exercised.

### 23 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons and related parties include Arif Habib Dolmen REIT Management Limited being the RMC, Central Depository Company of Pakistan Limited being the Trustee, Arif Habib Development & Engineering Consultants (Private) Limited being the Project Manager and an associate due to common directorship, Javedan Corporation Limited holding being an associate due to common directorship, other REITs managed by the RMC and other entities under common management and / or directorship and the directors and their close family members and officers of the RMC and the Trustee, key management personnel, other associated undertakings and unit holders holding more than 10% units / net assets of the REIT.

Transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with commercial rates. There are no potential conflicts of interest of the related party with respect to the REIT.

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

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

23.1 Transactions during the period:	December 31, 2022 (Un-audited)	June 30, 2021 (audited)
	----- (Rupees in '000) -----	
<b>Arif Habib Dolmen REIT Management Limited - (Management Company)</b>		
- Formation cost	-	1,026
- Development & other expenditure	1,104	2,631
- Fees and subscriptions	-	150
- Short term deposit	-	100
- Management Fee	15,863	7,888
<b>Arif Habib Development &amp; Engineering Consultants (Private) Limited - (Associate due to common directorship)</b>		
- Expenses incurred on behalf of the REIT	16,251	2,591
- Advance against expenditures	50,000	-

Arif Habib



	December 31, 2022 (Un-audited)	June 30, 2021 (audited)
	----- (Rupees in '000) -----	
<b>Javedan Corporation Limited -</b>		
<b>(Sponsor of the REIT / associate due to common directorship)</b>		
- Subscription of units	-	1,400,000
- Payment for partial land consideration	450,000	1,140,000
- Expenses incurred on behalf of the REIT	188,425	1,131,395
- Customer advances received on behalf of the REIT	2,719	1,593,555
- Reimbursement to JCL for Expenses incurred on behalf of scheme from July 01, 2022 to December 31, 2022	99,204	-
- Repayment to the REIT in respect of amounts received from customers on behalf of the REIT	319,430	143,516
<b>Safe Mix Concrete Limited</b>		
<b>(Associate due to common directorship)</b>		
- Purchases of construction material	582,237	-
<b>Haji Abdul Ghani</b>		
<b>(Associate due to sponsor of the REIT)</b>		
- Amounts received in respect of apartments sold from July 01, 2022 to December 31, 2022	163,055	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to December 31, 2022	207,895	-
<b>Arif Habib Limited</b>		
<b>(Associate due to common control)</b>		
- Amounts received in respect of apartments sold from July 01, 2022 to December 31, 2022	30,571	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to December 31, 2022	38,063	-
<b>Muhammad Kashif Habib</b>		
<b>(Close relative of a director)</b>		
- Amounts received in respect of apartments sold from July 01, 2022 to December 31, 2022	4,589	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to December 31, 2022	3,786	-
<b>Abdus Samad A. Habib</b>		
<b>(Director of Management Company)</b>		
- Amounts received in respect of apartments sold from July 01, 2022 to December 31, 2022	2,214	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to December 31, 2022	1,918	-
<b>Alamgir A Shaikh</b>		
<b>(Director of sponsor)</b>		
- Amounts received in respect of apartments sold from July 01, 2022 to December 31, 2022	870	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to December 31, 2022	1,318	-
<b>Central Depository Company of Pakistan</b>		
<b>(Trustee)</b>		
- Trustee fee	3,190	1,577

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## 23.2 Amounts outstanding as at period end

	December 31, 2022 (Un-audited)	June 30, 2021 (audited)
	----- (Rupees in '000) -----	
<b>Arif Habib Dolmen REIT Management Limited - (Management Company)</b>		
- Payable in respect of formation cost	1,026	1,026
- Payable in respect of development & other expenditure	3,735	2,631
- Payable in respect of fees and subscriptions	150	150
- Payable in respect of short term deposit	100	100
- Payable in respect of management fee	7,975	7,888
<b>Arif Habib Development &amp; Engineering Consultants (Private) Limited - (Associate due to common directorship)</b>		
- Payable in respect of expenses incurred on behalf of the REIT	33,749	2,591
<b>Javedan Corporation Limited - (Sponsor of the REIT / associate due to common directorship)</b>		
- Expenses incurred on behalf of the REIT	371,181	1,131,395
- Receivable in respect of amounts received from customers on behalf of the REIT	283,889	1,593,555
- Outstanding land consideration	250,000	700,000
<b>Safe Mix Concrete Limited (Associate due to common directorship)</b>		
- Advance paid in respect of purchases of construction material	23,051	-
<b>Haji Abdul Ghani (Associate due to sponsor of the REIT)</b>		
- Contract asset outstanding as at December 31, 2022	235,248	-
<b>Arif Habib Limited (Associate due to common control)</b>		
- Contract asset outstanding as at December 31, 2022	46,829	-
<b>Muhammad Kashif Habib (Close relative of a director)</b>		
- Contract asset outstanding as at December 31, 2022	7,682	-
<b>Abdus Samad A. Habib (Director of Management Company)</b>		
- Contract asset outstanding as at December 31, 2022	2,069	-
<b>Alamgir A Shaikh (Director of sponsor)</b>		
- Contract asset outstanding as at December 31, 2022	2,067	-
<b>Central Depository Company of Pakistan (Trustee)</b>		
- Payable in respect of Trustee Fee	3,190	1,577

## 24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the REIT 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 until the development of the project.

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## 24.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the REIT to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

As at December 31, 2022 and June 30, 2022, the REIT does not have any financial assets which are carried at fair value. The carrying values of all other financial assets approximate at their fair values.

## 25 INTEREST IN JOINT ARRANGEMENTS

25.1 During the current period, the REIT and Meezan Bank Limited (the Bank) have entered into a 'Shirkat-ul-Aqd' arrangement for construction and development of residential Towers 2, 3 and 4 (the Musharaka Asset) of the Project. The Musharaka Asset is currently being owned by the REIT. The total estimated construction and development expenditures for the Musharaka Asset is Rs. 3,618 million. As per the framework agreement, both the REIT and the Bank (collectively referred as 'the Partners') have agreed to be jointly develop the Musharaka Asset under an equal partnership whereby each party shall invest 50% of the amount required for construction and development expenditures (including the value of land). Under the framework agreement, the Partners have agreed to jointly own the Musharaka Asset in such a manner that each Partner will have equal undivided ownership. During the Musharaka period, legal title to the Musharaka Asset so purchased by the Bank will be held by the REIT on the behalf of the Bank. All decisions with respect to development and sale of the Musharaka Asset would be made only with unanimous consent of the Partners. The Partners have agreed to share the operating profits generated from the sale of the Musharaka Asset in accordance with the agreed profit-sharing ratio of 50:50 and in case of loss will also share in the ratio of 50:50. During the Musharaka period, the Partners may make provisional profit payments in such manner and at such time as may be mutually agreed between the Partners.

The above arrangement falls within the purview of 'Joint Operations' in accordance with IFRS - 11 since both Partners jointly control the development and construction of the Musharaka Asset and have rights to the assets, and obligations for the liabilities relating to the Musharaka Asset.

25.2 In order to execute the above-mentioned arrangement, the REIT entered into an arrangement with the Bank on September 26, 2022 to sell 50% of the project site for the said towers (Musharakah Asset) at a consideration of Rs. 485.270 million. The carrying value of the land disposed of was Rs. 432.577 million which resulted in the gain on disposal of Rs. 52.693 million during the current period. Moreover, the cost incurred till September 26, 2022 (including cost of grey structure) appearing in the books of the REIT as "Inventory" amounted to Rs 456.800 million. As per the terms of agreement, the Bank was to make 50 percent contribution for the cost of the project. Therefore, 50 percent of the carrying amount of the grey structure was disposed off by the REIT to the Bank at the carrying amount of Rs 228.400 million.

During the current period, the Bank has contributed a total sum of Rs. 888.725 million which includes the consideration of Rs. 485.270 million for land as mentioned above. All of the expenses incurred till September 26, 2022 have been adjusted from the carrying amount of the Musharakah Asset. Any amount left is to be adjusted from future development expenditures.

Moreover, as disclosed in note 23.1 to these condensed interim financial statements, the tax charge for the period is calculated as a period cost since the total tax liability for the Project is computed as a fixed levy under the provisions of Section 100D. The proportionate tax charge till date (from the start of the Project) for the Musharakah Assets amounted to Rs 35.910 million. Accordingly, the Bank's share of tax amounted to Rs 17.955 million.

Subsequent to the Musharaka Agreement date, any development expenditures pertaining to the Bank's share of Musharaka Asset incurred by the REIT shall be adjusted against the balance payable / receivable to / from the joint operator.

	December 31, 2022 (Rupees in '000)
<b>Musharaka Asset</b>	
Land (including land transfer duties and taxes)	865,154
Development expenditures (including construction materials utilized)	456,800
Carrying amount as at agreement date	<u>1,321,954</u>

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December 31, 2022	
Globe Residency REIT	Meezan Bank
----- (Rupees in '000) -----	

The attribution of cost before joint operation is as follows:

Musharaka Asset as at agreement date	1,321,954	-
Less: Bank's share of Musharaka Asset	<u>(660,977)</u>	<u>660,977</u>
Development expenditures subsequent to agreement date	660,977	660,977
Carrying amount as at period end	<u>116,885</u>	<u>116,885</u>
	777,862	777,862
Bank's share of cumulative tax charge		17,955
Gain on disposal under Musharaka arrangement		52,693
Amount received from the Bank		888,725
Payable to joint operators		<u><u>40,215</u></u>

## 26 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the RMC on FEBRUARY 27, 2023.

## 27 GENERAL

These are the first condensed interim financial statements of the REIT therefore, there are no corresponding figures from a previous interim period to report.

For Arif Habib Dolmen REIT Management Limited  
(Management Company)

Chief Financial Officer

Chief Executive Officer

Director