

Globe Residency REIT

Condensed Interim Financial
Statements for the period ended
March 31, 2023



**DIRECTORS'
REPORT**

GLOBE RESIDENCY REIT 'GRR'

Accompanying GRR Nine Months Report



March 31, 2023

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 nine months ended on March 31, 2023, on behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited

Overview

Globe Residency REIT is a developmental REIT scheme, which envisages to develop and sell Globe Residency Apartments within Naya Nazimabad - one of Karachi's largest gated residential projects. Globe Residency Apartments comprise of 9 towers, totaling 1,344 apartments on 5 FL sites aggregating 40,500 square yards. GRR was listed on the Pakistan Stock Exchange on December 28, 2022, marking it as the first listed developmental REIT in Pakistan.

GRR has entered into a Musharaka Agreement with Meezan Bank Limited for 3 towers (out of 9), based on 50% sharing of profit and loss. This agreement will assist the scheme in expediting its construction and facilitating sale.

Financial and Operational Performance

The following table provides a summary of the financial performance of GRR for the nine months ended March 31, 2023:

Description	Quarter ended March 31, 2023	Nine months ended March 31, 2023
	Rupees in thousands	
Revenue from customers	829,001	2,556,309
Cost of Sales	(644,900)	(1,991,163)
Administrative and Operating Expenses	(62,419)	(149,160)
Net Operating Income	121,682	415,986
Gain on Disposal of Land under Musharaka arrangement	-	52,693
Profit before Tax	175,986	514,973
Earnings per unit (Rupees)	1.02	3.08

We have sold 763 units with 138 apartments sold during the current nine months period. The inventory was sold for a total consideration of PKR 11.768 billion, including PKR 2.4 billion sold in the current nine months. The prices of apartments were increased in response to strong demand and to cater to the impact of the increase in construction cost. The recovery rate of instalments remains in the vicinity of 91%, exhibiting the quality of our buyers.

The construction progress is as per schedule. We have completed approximately 28% of the construction work. 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

Pakistan's economy is passing through a challenging readjustment phase: currency devaluation, interest rate hike, inflation, slower/negative growth. Real estate development sector, being capital intensive and devoid of financial facilitation is facing the brunt of prevailing economic conditions. Raw material prices have exhibited unprecedented increase, availability of raw material is uncertain and the demand for the product has curtailed significantly.

We believe that the sector deserves special government support and attention. This sector is the second largest provider of jobs especially to the semi-skilled/low wage earners. Responding to the government's incentives promulgated in (Amnesty date) several projects were launched and these are in different stages of completion. Unprecedented challenges posed by the prevailing economic conditions warrant a suitable extension to the timelines as offered under the government's incentive scheme.

We believe that the strength of our structure, management capacity and the quality of our customers will further distinguish us amongst our competition in these testing times. We are confident that we shall be able to deliver our business plan within the defined cost, quality and timeline parameters. We are optimistic about the long-term prospects for our Development REIT.

Acknowledgement

We extend our gratitude to our valued investors, the Securities and Exchange Commission of Pakistan(SECP), the management of Pakistan Stock Exchange(PSX), Central Depository Company of Pakistan Limited (CDC) - the Trustee, Arif Habib Development and Engineering Consultants(AHDECL) - 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
Karachi
April 27, 2023




Muhammad Arif Habib
Chairman


**GLOBE RESIDENCY REIT
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**


		March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property and equipment	4	430	603
Contract cost assets	6	3,022	19,467
Long term deposit		2,957	-
Total non-current assets		<u>6,409</u>	<u>20,070</u>
Current assets			
Inventory property	5	2,026,552	2,301,375
Current portion of contract cost assets	6	34,597	8,849
Contract assets		1,811,000	916,202
Trade Receivables	7	31,981	-
Short term deposits and other receivables	8	1,680	318,742
Advance for development expenditure	9	409,978	324,453
Bank balances	10	10,281	160,122
Total current assets		<u>4,326,069</u>	<u>4,029,743</u>
Total assets		<u><u>4,332,478</u></u>	<u><u>4,049,813</u></u>
UNIT HOLDERS' FUND AND LIABILITIES			
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up units (140,000,000 units of Rs. 10 each)		1,400,000	1,400,000
Reserves		615,894	184,407
Total unit holders' fund		<u>2,015,894</u>	<u>1,584,407</u>
Non-current liabilities			
Long term loan	11	1,166,667	1,400,000
Outstanding land consideration	12	-	500,000
Total non-current liabilities		<u>1,166,667</u>	<u>1,900,000</u>
Current liabilities			
Contract liabilities		158,089	66,015
Commission payable		3,645	524
Payable to suppliers and contractors	13	122,286	128,306
Payable to the REIT Management Company	14	8,529	11,796
Payable to the Central Depository Company of Pakistan Limited - Trustee	15	6,328	1,578
Payable to the Securities and Exchange Commission of Pakistan	16	4,204	2,900
Current portion of outstanding land consideration	12	250,000	200,000
Current portion of long term loan	11.1	233,333	-
Accrued expenses and other liabilities	17	243,852	139,800
Accrued markup on long term loan		119,651	14,487
Total current liabilities		<u>1,149,917</u>	<u>565,406</u>
Total liabilities		<u>2,316,584</u>	<u>2,465,406</u>
Contingencies and commitments	18		
Total unit holders' fund and liabilities		<u><u>4,332,478</u></u>	<u><u>4,049,813</u></u>
Net asset value per unit		<u>14.40</u>	<u>11.32</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
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023

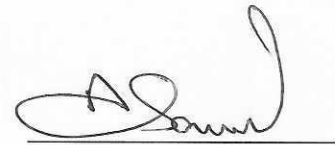
		Nine months period ended March 31, 2023	Three months period ended March 31, 2023
	Note	----- (Rupees in '000) -----	
Revenue from contracts with customers		2,556,309	829,001
Cost of sales	19	(1,991,163)	(644,900)
Gross profit		<u>565,146</u>	<u>184,101</u>
Administrative and operating expenses	20	(149,160)	(62,419)
Net operating income		<u>415,986</u>	<u>121,682</u>
Gain on disposal under Musharaka arrangement	25	52,693	-
Other income		78,999	65,046
		<u>547,678</u>	<u>186,728</u>
Remuneration of the REIT Management Company	14.1	(21,019)	(6,904)
Sindh sales tax on remuneration of the REIT Management Company	14.2	(2,732)	(897)
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	15.1	(4,204)	(1,381)
Sindh sales tax on remuneration of the Trustee	15.2	(546)	(179)
Annual fee of the Securities and Exchange Commission of Pakistan	16.1	(4,204)	(1,381)
		<u>(32,705)</u>	<u>(10,742)</u>
Profit before taxation		<u>514,973</u>	<u>175,986</u>
Taxation	21	(83,486)	(33,813)
Profit for the period		<u>431,487</u>	<u>142,173</u>
		(Rupees)	(Rupees)
Earnings per unit - Basic and diluted	22	<u>3.08</u>	<u>1.02</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
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Nine months period ended March 31, 2023 ----- (Rupees in '000) -----	Three months period ended March 31, 2023 ----- (Rupees in '000) -----
Net income for the period after taxation	431,487	142,173
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>431,487</u>	<u>142,173</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
 CONDENSED INTERIM STATEMENT OF CHANGES IN UNIT HOLDERS' FUND
 FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

	Issued, subscribed and paid up units	Reserves	Total unit holders' fund
		Unappropriated profit	
(Rupees in '000)			
Balance as at June 30, 2022 (AUDITED)	1,400,000	184,407	1,584,407
Total comprehensive income for the period	-	431,487	431,487
Balance as at March 31, 2023 (UN-AUDITED)	<u>1,400,000</u>	<u>615,894</u>	<u>2,015,894</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
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2023

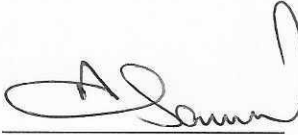
	Note	MARCH 31, 2023 (Un-audited) (Rupees in '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		514,973
Adjustments for non-cash items:		
Depreciation expense	20	173
Finance cost	20	32,162
Gain on disposal under Musharaka arrangement		(52,693)
		<u>494,615</u>
(Increase) / decrease in assets		
Inventory property		274,823
Contract cost assets		(9,303)
Long term deposit		(2,957)
Contract assets		(894,798)
Short term deposits and other receivables		317,062
Advance for development expenditure		(85,525)
		<u>(400,698)</u>
Increase / (decrease) in liabilities		
Contract liabilities		92,074
Commission payable		3,121
Payable to suppliers and contractors		(6,020)
Payable to the REIT Management Company		(3,267)
Payable to the Central Depository Company of Pakistan Limited - Trustee		4,750
Payable to the Securities and Exchange Commission of Pakistan		1,304
Outstanding land consideration		(450,000)
Accrued expenses and other liabilities		115,417
		<u>(242,621)</u>
Finance cost paid		73,002
Tax paid		(112,806)
Carrying amount of inventory property sold to joint operator	25	(733,173)
Development expenditures paid on behalf of joint operator	25	(116,885)
		<u>(1,038,566)</u>
Net cash flow used in operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Musharaka Capital	25	888,725
Net cash generated from financing activities		<u>888,725</u>
		<u>(149,841)</u>
Cash and cash equivalents at the beginning of the period		160,122
Cash and cash equivalents at end of the period	10	<u><u>10,281</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 NINE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023

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).
- 1.2 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.
- 1.3 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.
- 1.4 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.
- 1.5 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 VIIIA 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 VIIIA 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.

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	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
4	PROPERTY AND EQUIPMENT		
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		(173)	(90)
		(173)	(90)
		<u>430</u>	<u>603</u>
5	INVENTORY PROPERTY		
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		796,324	249,862
Interest capitalised	5.1	136,609	18,237
Construction materials utilised		1,614,435	792,588
Amount received from joint operator	25	(116,885)	-
		2,430,483	4,319,835
Sold to joint operator under Musharaka arrangement	25	(733,173)	-
Transfers to Cost of sales	5.2	(1,972,133)	(2,046,237)
		<u>2,026,552</u>	<u>2,301,375</u>

5.1 This relates to borrowing cost incurred on term finance facility as discussed in note 10.1. 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 43.78% as at March 31, 2023 (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	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
5.3 Break-up of inventory property			
Musharaka Asset	0.0	850,058	-
Other inventory property		1,176,494	2,301,375
		<u>2,026,552</u>	<u>2,301,375</u>

6 CONTRACT COST ASSETS

Current portion		34,597	8,849
Non-current portion		3,022	19,467
Total contract cost assets		<u>37,619</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)		19,030	(10,718)
Total contract cost assets		<u>37,619</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	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
7 TRADE RECEIVABLES			
Receivable from joint operators	7.1	31,981	-
		<u>31,981</u>	<u>-</u>

7.1 This represents receivable from joint operator in relation to the joint operation under Musharaka arrangement, as disclosed in note to these condensed interim financial statements.

	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
8 SHORT TERM DEPOSITS AND OTHER RECEIVABLES			
Receivable from Javedan Corporation Limited		-	318,644
Profit on bank balances receivable		1,580	-
Short term deposit	8.1	100	100
		<u>1,680</u>	<u>318,744</u>

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

	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
9 ADVANCE FOR DEVELOPMENT EXPENDITURE			
Mobilization advance to contractors	9.1	271,626	318,653
Advance to supplier	9.2	138,352	5,800
		<u>409,978</u>	<u>324,453</u>

9.1 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).

9.2 This represents balance of advance amount paid to 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	March 31, 2023 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
10 BANK BALANCES			
Savings accounts	10.1	<u>10,281</u>	<u>160,122</u>
10.1	These saving accounts carry mark-up at rates ranging from 12.25% to 18.75% (June: 8.25% to 12.25%) per annum. Markup income recognised during the period amounted to Rs. 13.95 million.		
	Note	March 31, 2023 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
11 LONG TERM LOAN			
Term finance facility	11.1	<u>1,166,667</u>	<u>1,400,000</u>
11.1	Term finance facility		
Term finance facility		1,400,000	-
Less: current portion of term finance facility		(233,333)	-
Long-term portion of term finance facility		<u>1,166,667</u>	<u>-</u>
11.1.1	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	March 31, 2023 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
12 OUTSTANDING LAND CONSIDERATION			
Current portion		250,000	200,000
Non-current portion		-	500,000
		<u>250,000</u>	<u>700,000</u>
13 PAYABLE TO SUPPLIERS AND CONTRACTORS			
Payable to supplier	13.1	<u>122,286</u>	<u>128,306</u>
13.1	This represents balance of amounts payable to M/s Naveena, M/s Al Makkah, M/s Javedan Corporation Limited, M/s Arch Vision Plus, M/s Design Tech, M/s Mushtaq Transport, M/s Power Cement Limited and M/s Sarhad Plastic Indus (Pvt) Limited in accordance to the agreements signed for supply of construction materials.		
	Note	March 31, 2023 (Un-audited) ------(Rupees in '000)-----	June 30, 2022 (Audited)
14 PAYABLE TO THE REIT MANAGEMENT COMPANY			
Remuneration of REIT Management Company	14.1	6,904	6,981
Sindh sales tax on remuneration of the REIT Management Company	14.2	898	908
		<u>7,802</u>	<u>7,889</u>
Others		727	3,907
		<u>8,529</u>	<u>11,796</u>

- 14.1 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.
- 14.2 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. 2.732 million has been charged on account of sales tax on remuneration of the Trustee.

	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
15	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee payable	5,600	1,396
	Sindh sales tax on remuneration of the Trustee fee	728	182
		<u>6,328</u>	<u>1,578</u>

- 15.1 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. 4.204 million has been recognized in the condensed interim profit or loss account.
- 15.2 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. 0.546 million has been charged on account of sales tax on remuneration of the Trustee.

	Note	March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
16	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	4,204	2,900

- 16.1 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.

		March 31, 2023 (Un-audited)	June 30, 2022 (Audited)
------(Rupees in '000)-----			
17	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Sales tax and withholding income tax payable	13,048	23,325
	Auditor's remuneration payable	1,440	1,080
	Payable to project manager	150,215	75,326
	Payable to REIT Accountant	250	-
	Unit registrar's fee payable	607	191
	Other liabilities	53,380	3,601
	Tax payable	24,912	36,277
		<u>243,852</u>	<u>139,800</u>

18 **CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments outstanding as at March 31, 2023 and June 30, 2022.

	Note	Nine months period ended March 31, 2023 (Un-audited) (Rupees in '000)
19 COST OF SALES		
Transfers from inventory property	5	1,972,133
Amortisation of contract cost assets	6.1	19,030
		<u>1,991,163</u>
20 ADMINISTRATIVE AND OPERATING EXPENSES		
Project management fee	20.1	78,179
REIT Accountant Fees		2,858
Fees and subscriptions		13,386
Legal and professional charges		4,247
Marketing expense		10,230
Depreciation expense		173
Auditors' remuneration		5,490
Finance cost		32,162
Bank charges		14
Other charges		2,421
		<u>149,160</u>
20.1	<p>These represent project management fee accrued for the period from July 01, 2022 to March 31, 2023. 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.</p>	
	Note	Nine months period ended March 31, 2023 (Un-audited) (Rupees in '000)
21 TAXATION		
Tax charge for the current period	21.1	101,441
Liability transferred to joint operator	25	(17,955)
Current tax expense		<u>83,486</u>
21.1	<p>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.</p>	
22 EARNINGS PER UNIT - BASIC AND DILUTED		Nine months period ended March 31, 2023 (Un-audited) (Rupees in '000)
Total earnings for the period		<u>431,487</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>3.08</u>

- 22.1 Diluted earnings per certificate has not been presented as the REIT does not have any convertible instruments in issue as at March 31, 2023 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:	March 31, 2023	March 31, 2022
	(Un-audited)	(Un-audited)
	----- (Rupees in '000) -----	
Arif Habib Dolmen REIT Management Limited - (Management Company)		
- Formation cost	-	-
- Development & other expenditure	1,104	-
- Fees and subscriptions	-	-
- Short term deposit	-	-
- Management Fee	21,019	-
Arif Habib Development & Engineering Consultants (Private) Limited - (Associate due to common directorship)		
- Expenses incurred on behalf of the REIT	16,251	-
- Advance against expenditures	50,000	-
Javedan Corporation Limited - (Sponsor of the REIT / associate due to common directorship)		
- Subscription of units	-	-
- Payment for partial land consideration	450,000	-
- Expenses incurred on behalf of the REIT	188,425	-
- Customer advances received on behalf of the REIT	14,827	-
- 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	-

	March 31, 2023 (Un-audited) ----- (Rupees in '000) -----	March 31, 2022 (Un-audited) -----
Safe Mix Concrete Limited (Associate due to common directorship)		
- Purchases of construction material	683,024	-
Haji Abdul Ghani (Associate due to sponsor of the REIT)		
- Amounts received in respect of apartments sold from July 01, 2022 to March 31, 2023	241,032	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to March 31, 2023	331,954	-
Arif Habib Limited (Associate due to common control)		
- Amounts received in respect of apartments sold from July 01, 2022 to March 31, 2023	183,806	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to March 31, 2023	60,776	-
Muhammad Kashif Habib (Close relative of a director)		
- Amounts received in respect of apartments sold from July 01, 2022 to March 31, 2023	9,202	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to March 31, 2023	6,045	-
Abdus Samad A. Habib (Director of Management Company)		
- Amounts received in respect of apartments sold from July 01, 2022 to March 31, 2023	2,749	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to March 31, 2023	3,063	-
Alamgir A Shaikh (Director of sponsor)		
- Amounts received in respect of apartments sold from July 01, 2022 to March 31, 2023	1,243	-
- Revenue in respect of apartments sold, recognised from July 01, 2022 to March 31, 2023	2,104	-
Central Depository Company of Pakistan (Trustee)		
- Trustee fee	4,204	-
23.2 Amounts outstanding as at period end	March 31, 2023 (Un-audited) ----- (Rupees in '000) -----	June 30, 2022 (Audited) -----
Arif Habib Dolmen REIT Management Limited - (Management Company)		
- Payable in respect of formation cost	8,529	1,026
- Payable in respect of development & other expenditure	-	2,631
- Payable in respect of fees and subscriptions	-	150
- Payable in respect of short term deposit	-	100
- Payable in respect of management fee	-	7,888

	March 31, 2023 (Un-audited) ----- (Rupees in '000) -----	June 30, 2022 (Audited) -----
Arif Habib Development & Engineering Consultants (Private) Limited - (Associate due to common directorship)		
- Payable in respect of expenses incurred on behalf of the REIT	16,251	2,591
Javedan Corporation Limited - (Sponsor of the REIT / associate due to common directorship)		
- 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	295,997	1,593,555
- Outstanding land consideration	250,000	700,000
Safe Mix Concrete Limited (Associate due to common directorship)		
- Advance paid in respect of purchases of construction material	-	-
Haji Abdul Ghani (Associate due to sponsor of the REIT)		
- Contract asset outstanding as at March 31, 2023	281,330	-
Arif Habib Limited (Associate due to common control)		
- Contract liability outstanding as at March 31, 2023	83,692	-
Muhammad Kashif Habib (Close relative of a director)		
- Contract asset outstanding as at March 31, 2023	5,329	-
Abdus Samad A. Habib (Director of Management Company)		
- Contract asset outstanding as at March 31, 2023	2,679	-
Alamgir A Shaikh (Director of sponsor)		
- Contract asset outstanding as at March 31, 2023	2,481	-
Central Depository Company of Pakistan (Trustee)		
- Payable in respect of Trustee Fee	5,600	1,396
- Sindh sales tax on remuneration of the Trustee fee	728	182

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.

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 Mushkaraka 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.

- 25.3 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.

Musharaka Asset	March 31, 2023 (Rupees in '000)
Land (including land transfer duties and taxes)	865,154
Development expenditures (including construction materials utilized)	601,192
Carrying amount as at agreement date	<u>1,466,346</u>

	March 31, 2023	
	Globe Residency REIT	Meezan Bank
	----- (Rupees in '000) -----	
The attribution of cost before joint operation is as follows:		
Musharaka Asset as at agreement date	1,466,346	-
Less: Bank's share of Musharaka Asset	<u>(733,173)</u>	<u>733,173</u>
	733,173	733,173
Development expenditures subsequent to agreement date	<u>116,885</u>	<u>116,885</u>
Carrying amount as at period end	850,058	850,058
Bank's share of cumulative tax charge		17,955
Gain on disposal under Musharaka arrangement		52,693
Amount received from the Bank		888,725
Receivable from joint operators		<u>(31,981)</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

27 APR 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