

GLOBE RESIDENCY REIT

QUARTERLY REPORT



MANAGED BY



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED





TABLE OF CONTENTS

Scheme's Information	1
Directors' Report	5
Condensed Interim Statement of Financial Position (Un-audited)	7
Condensed Interim Statement of Profit or Loss (Un-audited)	8
Condensed Interim Statement of Comprehensive Income (Un-audited)	9
Condensed Interim Statement of Changes In Unit Holders' Fund (Un-audited)	10
Condensed Interim Statement of Cash Flows (Un-audited)	11
Notes to the Condensed Interim Financial Statements (Un-audited)	12

Globe Residency REIT Scheme's Information

Management Company

Arif Habib Dolmen REIT Management Limited

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Other Executives:	Mr. Razi Haider Mr. Murtaza Shabbir	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:	Dubai Islamic Bank Meezan Bank Limited Askari Bank Limited Bank Alfalah Limited	
External Auditor	A.F. Fergusons and Co . Chartered Accountants, State Life Building No. 1-C I.I Chundrigar Road, Karachi,	
Internal Auditor	Junaidy Shoaib Asad & Co. Chartered Accountants, 1/6-P, P.E.C.H.S. Mohtarma Laeeq Begum Road, Off Shahrah-e-Faisal, Karachi.	
Legal Advisor	Ahmed & Qazi, 4th Floor, Clifton Centre, Clifton, Karachi.	
Development Advisor	Arch Vision Plus, 103, Ruffi Trade Centre, SB-29 Block 13-C, Main University Road, Gulshan-e-Iqbal, Karachi.	
	Arif Habib Development and Engineering Consultatnts (Private) Limited Arif Habib Centre, 23 M.T. Khan Road, Karachi.	
Property Valuer	MYK Associates (Pvt.) Limited. MYK HOUSE, 52-A, Block 'B', Street # 5, Muslim Cooperative Housing Society (S.M.C.H.S.), Karachi.	
REIT Accountant	Junaidy Shoaib Asad & Co. Chartered Accountants, 1/6-P, P.E.C.H.S. Mohtarma Laeeq Begum Road, Off Shahrah-e-Faisal, Karachi.	
Rating Agency	VIS Credit Rating Company Limited, VIS House, 128/C, 25th Lane Off Khayaban-e-Ittehad, Phase VII,DHA,Karachi.	
Current Ratings	RFR2 (dr)	
Registered Office of Management Company	Arif Habib Centre, 23 M.T. Khan Road, Karachi.	





Directors' Report

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 quarter ended on September 30, 2023, on behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited.

Overview

Globe Residency REIT, a pioneering developmental REIT scheme, continues its mission to develop and market Globe Residency Apartments within the expansive Naya Nazimabad project in Karachi. This residential complex comprises 1,344 apartment units across 9 towers, set within a 40,500 square yards site.

A significant part in the development and management of Globe Residency's real estate assets is the strategic partnership with Meezan Bank Limited, a testament to our enduring strength and commitment. This collaboration, established under the Musharaka arrangement, is focused on three of the nine towers within our portfolio.

Operating on a 50/50 profit and loss sharing model, this partnership continues to be instrumental in fortifying our construction progress and sales initiatives. By harnessing this alliance, Globe Residency REIT remains dedicated to operational excellence and maintaining a prominent standing within the real estate market.

Financial and Operational Performance

The following table provides a summary of the financial performance of GRR for the quarter ended September 30, 2023:

Description	September 30, 2023	September 30, 2022
	Rupees in thousands	
Revenue from customers	616,683	660,476
Cost of Sales	(504,878)	(515,533)
Administrative and Operating Expenses	(8,252)	(32,683)
Net Operating Income	103,553	112,260
Profit After Tax	71,078	67,685
Earnings per unit (Rupees)	0.51	0.48

Financial performance remained resilient during the first quarter ended on September 30, 2023. We generated revenue of PKR 616.7 million from customers, reflecting a consistent trend in revenue generation and recoveries. Our robust financial management was evident as the cost of sales was prudently controlled at PKR 504.9 million, showcasing our commitment to efficient cost management. Administrative and operating expenses remained well-managed at PKR 8.3 million, marking a substantial reduction from the same period in the previous year.

Simultaneously, our operational progress remained impressive. We sold 25 apartment units during the three months ended September 30, 2023, contributing to a total of 803 units sold. The total consideration for these apartments reached PKR 410.7 million within this quarter, contributing to a cumulative consideration of PKR 12.3 billion from all apartments sold up to September 30, 2023. Our recovery rate for installments remained strong at 91%, a testament to the confidence of our buyers.

Our net operating income stood at PKR 103.6 million, reaffirming our dedication to sound financial management. We are pleased to report a profit after tax of PKR 71.1 million, translating to earnings per unit of PKR 0.51. This not only signifies sustained profitability but also the value we consistently deliver to our unit holders.

Outlook

In the midst of ongoing economic challenges, the real estate sector, reliant on capital, continues to adapt to changing dynamics. While it's a significant job provider, government-backed projects aimed at boosting economic growth have shown varying levels of success.

As we cautiously navigate the evolving economic landscape, there are encouraging signs of a potential recovery on the horizon. Making prudent decisions on extending project timelines under government incentives is essential for successful outcomes and regional economic revitalization. In these times of careful optimism, our strong organization, experienced management, and high-calibre clientele set us apart in a competitive market. We remain committed to our goals of cost efficiency, quality, and timely execution, fostering our confidence in the long-term success of our Developmental Real Estate Investment Trusts (REIT) in these evolving economic conditions.

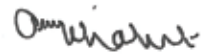
Acknowledgement

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 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 to ensuring the success of our business.

For and on behalf of the Board



Muhammad Ejaz
Chief Executive
Karachi
October 27, 2023



Muhammad Arif Habib
Chairman

Condensed Interim Statement of Financial Position

As at September 30, 2023

	Note	(Unaudited) 2023	(Audited) 2022
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property and equipment	4	314	372
Long term deposits	5	3,057	3,057
Contract cost assets		22,440	20,947
Total non-current assets		25,811	24,376
Current assets			
Inventory property	6	2,097,816	2,055,904
Current portion of contract cost assets		18,700	17,455
Contract assets	7	1,656,959	1,535,223
Receivable from joint operator		223,117	148,540
Advance for development expenditure	8	323,389	319,190
Other receivables		4,664	4,664
Bank balances	9	6,010	7,307
Mark-up receivable on bank balances		913	521
Total current assets		4,331,568	4,088,804
Total assets		4,357,379	4,113,180
UNIT HOLDERS' FUND AND LIABILITIES			
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up units (140,000,000 units of Rs. 10 each)	10	1,400,000	1,400,000
Reserves		106,569	455,490
Total unit holders' fund		1,506,569	1,855,490
Non-current liabilities			
Long term loan	11	1,233,333	933,333
Outstanding land consideration	12	-	-
Total non-current liabilities		1,233,333	933,333
Current liabilities			
Contract liabilities		155,529	178,044
Commission payable		2,091	2,091
Trade and other payables	13	78,060	126,789
Payable to the REIT Management Company	14	16,984	9,009
Payable to the Central Depository Company of Pakistan Limited - Trustee	15	9,501	7,906
Payable to the Securities and Exchange Commission of Pakistan		7,011	5,600
Current portion of outstanding land consideration	12	250,000	250,000
Current portion of long term loan		166,667	466,667
Accrued expenses and other liabilities	17	347,946	196,855
Dividend payable		420,000	-
Accrued profit on long term loan		163,688	81,396
Total current liabilities		1,617,477	1,324,357
Total liabilities		2,850,810	2,257,690
Contingencies and commitments	18		
Total unit holders' fund and liabilities		4,357,379	4,113,180
		(Rupees)	(Rupees)
Net asset value per unit		10.76	13.25

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Condensed Interim Statement of Profit or Loss (Un-audited)

For the period from July 01,2023 to September 30,2023

	Note	Three months period ended September 30, 2023	Three months period ended September 30, 2022
------(Rupees in '000)-----			
Revenue from contracts with customers		616,683	660,476
Cost of sales		(504,878)	(515,533)
Gross profit		<u>111,805</u>	<u>144,943</u>
Administrative and operating expenses	19	(8,252)	(32,683)
Net operating income		<u>103,553</u>	<u>112,260</u>
Other income		7,832	311
		<u>111,385</u>	<u>112,571</u>
Remuneration of the REIT Management Company	14.1	(7,058)	(7,058)
Sindh sales tax on remuneration of the REIT Management Company	14.2	(917)	(917)
Remuneration of the Central Depository Company of Pakistan Limited – Trustee	15.1	(1,412)	(1,412)
Sindh sales tax on remuneration of the Trustee	15.2	(183)	(183)
Annual fee of the Securities and Exchange Commission of Pakistan		(1,412)	(1,412)
		<u>(10,982)</u>	<u>(10,982)</u>
Profit before taxation		<u>100,403</u>	<u>101,589</u>
Taxation	20	(29,325)	(33,904)
Profit for the year		<u>71,078</u>	<u>67,685</u>
Earnings per unit - Basic and diluted	21	<u>0.51</u>	<u>0.48</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Statement of Comprehensive Income (Un-audited)

For the period from July 01, 2023 to September 30, 2023

September 30, 2023 September 30, 2022
----- (Rupees in '000) -----

Net income for the period after taxation

71,079

67,685

Other comprehensive income for the period

-

-

Total comprehensive income for the period

71,079

67,685

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

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

For the period from July 01, 2023 to September 30, 2023

	Issued, subscribed and paid up units	Reserves	Total unit holders' fund
		Unappropriated profit	
------(Rupees in '000)-----			
Balance as at 30 June 2022 (Audited)	1,400,000	184,407	1,584,407
Total comprehensive income for the period	-	67,685	67,685
Balance as at September 30, 2022 (Un-audited)	<u>1,400,000</u>	<u>252,092</u>	<u>1,652,092</u>
Balance as at 30 June 2023 (Audited)	1,400,000	455,490	1,855,490
Total comprehensive income for the period	-	71,079	71,079
Cash Dividend @ Rs. 3 per unit	-	(420,000)	(420,000)
Balance as at September 30, 2023 (Un-Audited)	<u>1,400,000</u>	<u>106,569</u>	<u>1,506,569</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Condensed Interim Statement Of Cash Flows (Un-audited)

For the period from July 01, 2023 to September 30, 2023

	Note	September 30, 2023	September 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
----- (Rupees in '000) -----			
Profit before taxation		100,404	101,589
Adjustments for non-cash items:			
Depreciation expense		58	58
Finance cost		-	13,408
Other income		-	(311)
		100,462	114,744
Decrease / (increase) in assets			
Inventory property		(41,912)	11,203
Contract cost assets		(2,738)	574
Contract assets		(121,736)	(238,830)
Receivable from joint operator		(74,577)	(104,450)
Advance for development expenditure		(4,199)	18,108
Mark-up receivable on bank balances		(392)	-
		(245,554)	(313,395)
(Decrease) / increase in liabilities			
Contract liabilities		(22,515)	13,227
Commission payable		-	1,048
Trade and other payables		(48,729)	(67,934)
Payable to the REIT Management Company		7,975	32,631
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,595	4,751
Payable to the Securities and Exchange Commission of Pakistan		1,411	7,211
Outstanding land consideration		-	(200,000)
Accrued expenses and other liabilities		122,201	231,319
Accrued profit on long term loan		82,291	48,063
		144,229	70,316
Tax paid		(435)	(1,125)
Net cash generated / (used) from operating activities		(1,298)	(129,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other income		-	311
Net cash generated from financing activities		-	311
Net (decrease) in cash and cash equivalents		(1,298)	(129,149)
Cash and cash equivalents at the beginning of the period		7,307	160,122
Cash and cash equivalents at the end of the period	9	6,009	30,973

The annexed notes from 1 to 26 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

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

For the period from July 01, 2023 to September 30, 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, 2015 (REIT Regulations, 2015), 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 1, 2022. The REIT has a limited life (5 years), 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** Last year, the Real Estate Investment Trust Regulations 2015 (REIT Regulations, 2015) has been repealed after the enactment of the Real Estate Investment Trust Regulations 2022 (REIT Regulations, 2022).
- 1.6** Last year, the REIT has been listed on the Pakistan Stock Exchange Limited (PSX) with the approval of the SECP on December 28, 2022 under the REIT Regulations, 2022. The units of the REIT were "offered for sale" by the sponsors upon listing.
- 1.7** The VIS Credit Rating Company Limited (VIS) maintained the RMC rating of the REIT Management Company to AM2+ on October 25, 2022 [2022: AM2+ on September 22, 2021]. The rating reflects the REIT Management Company's experienced management team, structured investment process and sound quality of systems and processes. Furthermore, VIS Credit Rating Company Limited has assigned the stability rating of the REIT to RFR2 (dr) on December 20, 2022.

2 STATEMENT OF COMPLIANCE

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

- Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 and Part VIIIA of the repealed Companies Ordinance, 1984; and
- The Real Estate Investment Trust Regulations 2022 (the REIT Regulations) and requirements of the Trust Deed.

Where the provision of and directives issued under the Companies Act, 2017, Part VIII of the repealed Companies Ordinance 1984, REIT Regulations, 2022 and requirements of trust deed differ from IFRS, the provisions of or directives under the Companies Act, 2017, Part VIII of the repealed Companies Ordinance 1984, REIT Regulations, 2022 and requirements of trust deed have been followed.

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

For the period from July 01, 2023 to September 30, 2023

3 BASIS OF PREPARATION

These condensed interim financial statements does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Fund for the year ended June 30, 2023.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at September 30, 2023 have been extracted from the annual published audited financial statements of the Fund for the year ended June 30, 2023.

4 PROPERTY AND EQUIPMENT

Operating fixed assets

September 30, 2023 Un-audited	June 30, 2023 Audited
----- (Rupees in '000) -----	
314	372
314	372

4.1 The following is a statement of operating fixed assets:

At July 1, 2023

Cost (Project Acquired)
Accumulated depreciation
Net book value

For the period from July 01, 2023 to September 30, 2023

Opening net book value
Additions
Disposals
Cost
Depreciation
Depreciation charge for the period
Net book value

At September 30, 2023

Opening net book value
Accumulated depreciation
Net book value

-----September 30, 2023-----		
Computer	Office equipment	Total
----- (Rupees in '000) -----		
638	55	693
(296)	(25)	(321)
342	30	372
342	30	372
-	-	-
-	-	-
-	-	-
(53)	(5)	(58)
289	25	314
638	55	693
(349)	(30)	(379)
289	25	314
289	25	314

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

For the period from July 01, 2023 to September 30, 2023

	-----June 30, 2023-----		
	Computer	Office equipment	Total
	------(Rupees in '000)-----		
At July 1, 2022			
Cost (Project Acquired)	638	55	693
Accumulated depreciation	(83)	(7)	(90)
Net book value	<u>555</u>	<u>48</u>	<u>603</u>
For the year ended June 30, 2023			
Opening net book value	555	48	603
Additions	-	-	-
Disposals			
Cost	-	-	-
Depreciation	-	-	-
Depreciation charge for the period	(213)	(18)	(231)
	<u>342</u>	<u>30</u>	<u>372</u>
At June 30, 2023			
Opening net book value	638	55	693
Accumulated depreciation	(296)	(25)	(321)
Net book value	<u>342</u>	<u>30</u>	<u>372</u>
Depreciation rate: % per annum	33.33	33.33	

5	LONG TERM DEPOSITS	Note	September 30, 2023 Un-audited	June 30, 2023 Audited
		------(Rupees in '000)-----		
Security deposits with:				
- Central Depository Company of Pakistan Limited			100	100
- Karachi Water & Sewerage Board			2,957	2,957
			<u>3,057</u>	<u>3,057</u>
6	INVENTORY PROPERTY			
Carrying amount at beginning of the year / Project acquisition			2,055,904	2,301,375
Net additions during the year				
Land			-	-
Land transfer duties and taxes			-	-
Development expenditures			190,396	1,244,858
Borrowing cost capitalised		6.1	82,291	250,307
Construction materials utilised			344,191	1,617,630
Share of Joint Operator			(70,088)	(296,836)
			546,790	2,815,959
Sold to joint operator under Musharaka arrangement			-	(660,803)
Transfers to Cost of sales		6.2	(504,878)	(2,400,627)
			<u>2,097,816</u>	<u>2,055,904</u>
6.1	This relates to borrowing cost incurred on term finance facility as discussed in note 11.1.1 The borrowing costs have been capitalized for inventory properties as these are qualifying assets.			
6.2	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 48.51% as at September 30, 2023. Hence, 49.35% 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.			

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

For the period from July 01, 2023 to September 30, 2023

			September 30, 2023 Un-audited	June 30, 2023 Audited
	Note		----- (Rupees in '000) -----	
7	CONTRACT ASSETS			
		Recorded as revenue	7.1	1,656,959
			1,656,959	1,535,223
7.1		Contract assets are initially recognised for revenue earned from property under development but yet to be billed to customers. Upon billing of invoice, the amounts recognised as contract assets are reclassified to trade receivables.		
8	ADVANCE FOR DEVELOPMENT EXPENDITURE			
		Mobilization advance to contractors	8.1	236,355
		Advance to supplier	8.2	87,034
			323,389	319,190
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. Kazrizma Construction and RF Associates (Contractors).		
8.2		This represents balance of advance amount paid to M/s. Al Makkah Blocks in accordance to the agreements signed for supply of construction materials.		
9	BANK BALANCES			
		Savings accounts	9.1	6,010
9.1		These saving accounts carry mark-up at rates ranging from 10.0% to 19.50 % per annum. Markup income recognised during the period amounted to Rs. 2.240 million.		
10	UNIT HOLDER'S FUNDS			
10.1	Issued, subscribed and paid up units			
		September 30, 2023 Un-audited	June 30, 2023 Audited	
		----- (Number in units) -----	----- (Rupees in '000) -----	
		140,000,000	Ordinary units of Rs.10 each fully paid in cash	1,400,000
				1,400,000
11	LONG TERM LOAN			
		Term finance facility	11.1.1	1,400,000
11.1	Break-up of term finance facility			
		Long-term portion of term finance facility		1,233,333
		Current portion of term finance facility		166,667
				1,400,000

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

For the period from July 01, 2023 to September 30, 2023

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. 1.4 billion at a profit rate of 6 months KIBOR + 1.25% spread. The loan is repayable in six equal hal-yearly installments. 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. Initially the tenor of financing was 4 years from the date of disbursement (including 1 year grace period). During the quarter, the tenor of financing has been rescheduled from 4 years to 5 years from the date of disbursement. Principal and markup to be paid on semi-annual basis.

12	OUTSTANDING LAND CONSIDERATION	September 30, 2023 Un-audited	June 30, 2023 Audited
		----- (Rupees in '000) -----	
	Current portion	250,000	250,000
	Non-current portion	-	-
		<u>250,000</u>	<u>250,000</u>

12.1 This represents balance consideration payable in accordance with the conveyance deed executed on March 30, 2022. The amount is payable in lieu of the land acquired under the REIT project and held as development properties to be sold during the normal course of business as discussed in note 5.1. As per the conveyance deed, Rs. 200 million shall be payable within one year from the date of execution of the conveyance deed, whereas two instalments of Rs. 250 million each shall be payable after the completion of two years and three years from the date of execution of the conveyance deed respectively.

13	TRADE AND OTHER PAYABLES	Note	September 30, 2023 Un-audited	June 30, 2023 Audited
			----- (Rupees in '000) -----	
	Payable to supplier	13.1	69,700	118,429
	Payable to Javedan Corporation Limited		6,442	6,442
	Payable to Rahat Residency REIT		1,918	1,918
			<u>78,060</u>	<u>126,789</u>

13.1 This represents balance of amounts payable to M/s. Agha Steel Industries Limited, M/s. Faizan Steel and M/s. Safe Mix Concrete Limited in accordance to the agreements signed for supply of construction materials.

14	PAYABLE TO THE REIT MANAGEMENT COMPANY	September 30, 2023 Un-audited	June 30, 2023 Audited
		----- (Rupees in '000) -----	
	Remuneration payable to the REIT Management Company	14,428	7,371
	Sindh Sales Tax payable on remuneration of the REIT Management Company	1,825	908
	Others	16,253	8,279
		<u>731</u>	<u>730</u>
		<u>16,984</u>	<u>9,009</u>

14.1 Under the provisions of REIT Regulations, 2015, the RMC is entitled to a remuneration as stated in the Offering Document and Information Memorandum. The management company charges fee at the rate of 1.0% of REIT Fund. The management fee is payable on 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 1, 2014. The current applicable tax rate is 13% being effective from July 1, 2016. During the period, an amount of Rs. 0.917 million was charged on account of sales tax on remuneration of the Trustee.

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

For the period from July 01, 2023 to September 30, 2023

		September 30, 2023 Un-audited	June 30, 2023 Audited
	Note	----- (Rupees in '000) -----	
15	PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE		
	Trustee fee payable	8,408	6,996
	Sindh sales tax payable on remuneration of the Trustee	1,093	910
		<u>9,501</u>	<u>7,906</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 @ 0.2% per annum of initial REIT Fund during the current period and an amount of Rs. 1.412 million has been recorded in the statement of profit or loss.		
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 1, 2015. The current applicable rate is 13% being effective from July 1, 2016. During the period, an amount of Rs. 0.183 million was charged on account of sales tax on remuneration of the Trustee.		
16	PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN		
	Annual fee payable	7,011	5,600
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 0.2% of initial REIT fund.		
17	ACCRUED EXPENSES AND OTHER LIABILITIES		
	Sales tax and withholding income tax	13,551	8,262
	Auditor's remuneration	4,335	4,746
	Payable to Project Manager	127,119	123,519
	REIT Accountant fee	500	250
	Unit registrar's fee	376	189
	Other liabilities	145,042	36,245
	Tax payable	57,023	23,644
		<u>347,946</u>	<u>196,855</u>
18	CONTINGENCIES AND COMMITMENTS		
	There were no contingencies and commitments outstanding as at September 30, 2023.		
19	ADMINISTRATIVE AND OPERATING EXPENSES		
	Project management fee	3,600	15,238
	Fees and subscriptions	200	3,308
	Legal and professional charges	1,204	120
	Marketing expense	656	-
	Depreciation expense	58	58
	Auditors' remuneration	540	540
	Finance cost	-	13,408
	Bank charges	8	11
	Other charges	1,986	-
		<u>8,252</u>	<u>32,683</u>

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

For the period from July 01, 2023 to September 30, 2023

19.1 These represent project management fee accrued for the quarter ended September 30, 2023. In accordance with the regulation 14 (vii) of the REIT Regulations, 2015, 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.

20 TAXATION

Tax charge for the current year
Joint operator's share of tax charge
Current tax expense

September 30, 2023 Un-audited	September 30, 2022 Audited
----- (Rupees in '000) -----	
33,814	33,904
(4,489)	-
<u>29,325</u>	<u>33,904</u>

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 quarterly. Out of Rs 236.7 million, Rs. 33.8 million relates to the current period and accordingly has been recognised in these financials statements. Under the scheme, total tax liability has to be paid till September 2023.

21 EARNINGS PER UNIT - BASIC AND DILUTED

Total earnings for the period

September 30, 2023 Un-audited	September 30, 2022 Audited
----- (Number in units) -----	
71,079	67,685

Weighted average number of ordinary units during the period

<u>140,000,000</u>	<u>140,000,000</u>
----- (Rupees) -----	

Earnings per unit - basic and diluted

<u>0.51</u>	<u>0.48</u>
-------------	-------------

22 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, 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:

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

For the period from July 01, 2023 to September 30, 2023

	September 30, 2023 Un-audited ------(Rupees in '000)-----	September 30, 2022 Un-audited
22.1 Transactions during the period:		
Arif Habib Dolmen REIT Management Limited - (Management Company)		
- Development & other expenditure	388	126
Arif Habib Development & Engineering Consultants (Private) Limited - (Associate due to common directorship)		
- Expenses incurred on behalf of the REIT	6,526	-
- Project management fee	3,600	-
Javedan Corporation Limited - (Associate due to common directorship)		
- Payment for partial land consideration	-	200,000
- Expenses incurred on behalf of the REIT	79,140	183,535
- Payment of Expenses	-	23,965
- Customer advances received on behalf of the REIT	-	2,720
Safe Mix Concrete Limited (Associate due to common directorship)		
- Purchase of construction material	82,963	177,553
22.2 Amounts outstanding as at period end	September 30, 2023 Un-audited ------(Rupees in '000)-----	June 30, 2023 Audited
Arif Habib Dolmen REIT Management Limited - (Management Company)		
- Remuneration of the REIT Management Company payable	-	7,371
- Sindh Sales Tax payable on remuneration of the REIT Management Company	-	908
- Payable in respect of formation cost	-	-
- Payable in respect of development & other expenditure	650	580
- Payable in respect of fees and subscriptions	-	150
- Payable in respect of short term deposit	-	-
Central Depository Company of Pakistan Limited - (Trustee)		
- Remuneration of the Trustee payable	8,408	6,996
- Sindh Sales Tax payable on remuneration of the Trustee	1,093	910
Arif Habib Development & Engineering Consultants (Private) Limited - (Associate due to common directorship)		
- Payable in respect of expenses incurred on behalf of the REIT	6,526	5,071
- Payable in respect of project management fee	3,600	118,449
Javedan Corporation Limited - (Associate due to common directorship)		
- Payable in respect of expenses incurred on behalf of the REIT	43,500	317,603
- Net receivable in respect of scrap sales	-	15,147
- Receivable in respect of amounts received from customers on behalf of the REIT	296,014	296,014
- Outstanding land consideration	-	450,000
Safe Mix Concrete Limited (Associate due to common directorship)		
- Payable in respect of purchases of construction material	8,207	6,717
Aisha Steel Mills Limited (Associate due to common directorship)		
- Payable in respect of G.I sheets	-	30,649

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

For the period from July 01, 2023 to September 30, 2023

	September 30, 2023 Un-audited ----- (Rupees in '000) -----	June 30, 2023 Audited
NN Maintenance Company (Private) Limited (Associate due to common directorship)	-	3,155
Rahat Residency REIT (RRR) - (Associate due to common directorship) - Payable in respect of scrap sales	1,918	1,918
Muhammad Arif Habib (Director of Management Company) - Contract asset outstanding	4,590	113,334
Haji Abdul Ghani (Associate due to sponsor of the associated Company) - Contract asset outstanding	142,584	113,334
Razi Haider (CFO & Company Secretary of the management Company) - Contract asset outstanding	1,410	1,229
Arif Habib Limited (Associate due to common control) - Contract asset outstanding - Contract liability outstanding	88,956	100,148
Muhammad Kashif Habib (Close relative of a director) - Contract asset outstanding	3,507	4,871
Abdus Samad A. Habib (Close relative of a director) - Contract asset outstanding	3,312	2,687
Alamgir A Shaikh (Director of sponsor) - Contract asset outstanding	1,534	1,229

23 FAIR VALUE OF FINANCIAL INSTRUMENTS

When measuring the fair value of an asset or a liability, the REIT uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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).

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

For the period from July 01, 2023 to September 30, 2023

24 INTEREST IN JOINT ARRANGEMENTS

24.1 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. 3,618.652 million. As per the framework agreement, both the REIT and the Bank (collectively referred as 'the Partners') have agreed to 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 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.

24.2 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 year. Moreover, the costs incurred till September 26, 2022 (including cost of grey structure) appearing in the books of the REIT as "inventory property" amounted to Rs. 456.452 million. As per the terms of agreement, the Bank is liable to make a 50 percent contribution to the cost of the project. Therefore, 50 percent of the carrying amount of the grey structure was disposed of by the REIT to the Bank at the carrying amount of Rs. 228.226 million.

The Bank has contributed a total sum of Rs. 888.725 million which includes the consideration of Rs. 485.270 million for its share of land as mentioned above. All 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 20, 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 to date (from the start of the Project) for the Musharakah Asset amounted to Rs. 53.866 million. Accordingly, the Bank's share of tax amounted to Rs. 26.933 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 - September 26, 2022

(Rupees in '000)

Land (including land transfer duties and taxes)	865,154
Development expenditures (including construction materials utilized)	456,452
Carrying amount as at agreement date	<u>1,321,606</u>

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

For the period from July 01, 2023 to September 30, 2023

Attribution of cost before joint operation:

Musharaka Asset as at agreement date

Less: Bank's share of Musharaka Asset

Development expenditures subsequent to agreement date

Carrying amount as at reporting date

Bank's share of cumulative tax charge

Gain on disposal under Musharaka arrangement

Less: amount received from the Bank

Receivable from the Bank

June 30, 2023	
Globe Residency REIT	Meezan Bank
----- (Rupees in '000) -----	
1,321,606	-
(660,803)	660,803
660,803	660,803
366,924	366,924
1,027,727	1,027,727
	31,422
	52,693
	(888,725)
	223,117

25 DATE OF AUTHORISATION FOR ISSUE

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

26 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Financial Officer



Chief Executive Officer



Director

