



ARIF HABIB DOLMEN

REIT MANAGEMENT LIMITED

Arif Habib Centre,
23, M.T.Khan Road, Karachi.

021-111-245-111

www.arifhabibdolmenreit.com



GLOBE RESIDENCY REIT

HALF YEARLY REPORT DECEMBER 31, 2023

MANAGED BY



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED





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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 half year ended on December 31, 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. This collaboration, established under the Musharaka arrangement, is focused on three of the nine towers within the 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.

Financial and Operational Performance

The following table provides a summary of the financial performance of GRR for the half year ended December 31, 2023:

| Description | December 31, 2023 | December 31, 2022 |
|---------------------------------------|----------------------------|-------------------|
| | Rupees in thousands | |
| Revenue from customers | 1,767,819 | 1,727,308 |
| Cost of Sales | (1,511,360) | (1,346,263) |
| Administrative and Operating Expenses | (53,612) | (76,511) |
| Net Operating Income | 202,847 | 304,534 |
| Profit After Tax | 185,918 | 289,314 |
| Earnings per unit (Rupees) | 1.33 | 2.07 |

Financial performance remained resilient during the half year ended on December 31, 2023. We generated revenue of PKR 1,767.8 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 1,511.4 million, showcasing our commitment to efficient cost management. Administrative and operating expenses remained well managed at PKR 53.6 million, marking a substantial reduction from the same period in the previous year.

Simultaneously, our operational progress remained impressive. We sold 38 apartment units during the six months period ended December 31, 2023, contributing to a net total of 808 units. The total consideration for these apartments reached PKR 695.5 million within this period, contributing to a cumulative consideration of PKR 12.4 billion from all apartments sold up to December 31, 2023. Our recovery rate for installments remained strong at 92%, a testament to the confidence of our buyers.

Our net operating income stood at PKR 202.8 million, reaffirming our dedication to sound financial management. We are pleased to report a profit after tax of PKR 185.9 million, translating to earnings per unit of PKR 1.33. This not only signifies sustained profitability but also the value we consistently deliver to our unit holders.

Outlook

In the midst of ongoing economic and political situation, the real estate sector, being heavily reliant on capital, continues to adapt to changing market dynamics. 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 specs under government incentives is essential for successful outcome and regional economic revitalization. In these times of careful optimism, our strong organization, experienced management, and high-calibre clientele sets 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.

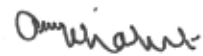
Acknowledgement

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
February 27, 2024



Muhammad Arif Habib
Chairman



INDEPENDENT AUDITORS' REVIEW REPORT

To the Unit holders of Globe Residency REIT

Report on review of 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, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in unit holders' fund, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 28, 2024
UDIN: RR202310611RQk9ErNXP

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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
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■ KARACHI ■ LAHORE ■ ISLAMABAD

CONDENSED INTERIM FINANCIAL STATEMENTS



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

| | Note | December 31, 2023 (un-audited) ----- (Rupees in '000) ----- | June 30, 2023 (audited) |
|---|------|--|-------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 4 | 256 | 372 |
| Long term deposits | | 3,057 | 3,057 |
| Contract cost assets | 5 | 6,659 | 20,947 |
| | | 9,972 | 24,376 |
| Current assets | | | |
| Current portion of contract cost assets | 5 | 23,548 | 17,455 |
| Inventory property | 6 | 2,015,953 | 2,055,904 |
| Contract assets | 7 | 1,849,446 | 1,535,223 |
| Other receivables | 8 | 44,264 | 5,185 |
| Advance for development expenditure | | 261,522 | 319,190 |
| Bank balances | 9 | 14,216 | 7,307 |
| Receivable from joint operator | 25 | - | 148,540 |
| | | 4,208,949 | 4,088,804 |
| Total assets | | 4,218,921 | 4,113,180 |
| UNIT HOLDERS' FUND AND LIABILITIES | | | |
| REPRESENTED BY: | | | |
| Unit holders' fund | | | |
| Issued, subscribed and paid up units 140,000,000 (June 30, 2023: 140,000,000) units of Rs. 10 each | | 1,400,000 | 1,400,000 |
| Revenue reserves | | 221,408 | 455,490 |
| Total unit holders' fund | | 1,621,408 | 1,855,490 |
| Non-current liabilities | | | |
| Long term loan | 10.1 | 1,150,000 | 933,333 |
| | | 1,150,000 | 933,333 |
| Current liabilities | | | |
| Current portion of long term loan | 10.1 | 166,667 | 466,667 |
| Outstanding land consideration | | 250,000 | 250,000 |
| Contract liabilities | 11 | 211,368 | 178,044 |
| Payable to the REIT Management Company | 12 | 17,057 | 9,009 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 13 | 11,070 | 7,906 |
| Payable to the Securities and Exchange Commission of Pakistan | 14 | 2,781 | 5,600 |
| Trade and other payables | 15 | 350,419 | 126,789 |
| Accrued expenses and other liabilities | 16 | 339,666 | 196,855 |
| Payable to joint operator | 25 | 3,748 | - |
| Dividend Payable | | 12,389 | - |
| Accrued markup on long term loan | | 80,313 | 81,396 |
| Commission payable | | 2,035 | 2,091 |
| | | 1,447,513 | 1,324,357 |
| Total liabilities | | 2,597,513 | 2,257,690 |
| Total unit holders' fund and liabilities | | 4,218,921 | 4,113,180 |
| | | ----- (Rupees) ----- | |
| Net asset value per unit | | 11.58 | 13.25 |
| Contingencies and commitments | 17 | | |

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

GLOBE RESIDENCY REIT
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

| | | Six months period ended December 31, 2023 | Six months period ended December 31, 2022 | Three months period ended December 31, 2023 | Three months period ended December 31, 2022 |
|------|--|--|--|--|--|
| Note | | (Rupees in '000) | | | |
| | Revenue from contracts with customers | 1,767,819 | 1,727,308 | 1,151,136 | 1,066,832 |
| 18 | Cost of sales | (1,511,360) | (1,346,263) | (1,006,482) | (830,730) |
| | Gross profit | <u>256,459</u> | <u>381,045</u> | <u>144,654</u> | <u>236,102</u> |
| 19 | Administrative and operating expenses | (53,612) | (76,511) | (46,016) | (43,828) |
| | Net operating income | <u>202,847</u> | <u>304,534</u> | <u>98,638</u> | <u>192,274</u> |
| | Other income | 19,950 | 13,953 | 12,118 | 13,642 |
| 25 | Gain on disposal under Musharaka arrangement | - | 52,693 | - | 52,693 |
| | | <u>222,797</u> | <u>371,180</u> | <u>110,756</u> | <u>258,609</u> |
| 12.1 | Remuneration of the REIT Management Company | (14,000) | (14,115) | (6,942) | (7,057) |
| 12.2 | Sindh sales tax on remuneration of the REIT Management Company | (1,820) | (1,835) | (903) | (918) |
| 13.1 | Remuneration of the Central Depository Company of Pakistan Limited - Trustee | (2,800) | (2,823) | (1,388) | (1,411) |
| 13.2 | Sindh sales tax on remuneration of the Trustee | (364) | (367) | (181) | (184) |
| 14.1 | Annual fee of the Securities and Exchange Commission of Pakistan | (2,781) | (2,823) | (1,369) | (1,411) |
| | Marketing expense | (2,718) | (10,230) | (2,062) | (10,230) |
| | | <u>(24,483)</u> | <u>(32,193)</u> | <u>(12,845)</u> | <u>(21,211)</u> |
| | Profit before taxation | <u>198,314</u> | <u>338,987</u> | <u>97,911</u> | <u>237,398</u> |
| 20 | Taxation | (12,396) | (49,673) | 16,929 | (15,769) |
| | Profit for the period | <u>185,918</u> | <u>289,314</u> | <u>114,840</u> | <u>221,629</u> |
| | | (Rupees) | (Rupees) | (Rupees) | (Rupees) |
| 21 | Earnings per unit - basic and diluted | <u>1.33</u> | <u>2.07</u> | <u>0.82</u> | <u>1.58</u> |

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

GLOBE RESIDENCY REIT
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

| | Six months period ended December 31, 2023 | Six months period ended December 31, 2022 | Three months period ended December 31, 2023 | Three months period ended December 31, 2022 |
|--|--|--|--|--|
| | ----- (Rupees in '000) ----- | | | |
| Net profit for the period after taxation | 185,918 | 289,314 | 114,840 | 221,629 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>185,918</u> | <u>289,314</u> | <u>114,840</u> | <u>221,629</u> |

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



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, 2023

| | Issued, subscribed and paid up units | Revenue reserves | Total unit holders' fund |
|---|--|--------------------------|--------------------------------|
| | | Unappropriated profit | |
| (Rupees in '000) | | | |
| Balance as at July 1, 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 | 1,400,000 | 473,721 | 1,873,721 |
| Balance as at July 1, 2023 | 1,400,000 | 455,490 | 1,855,490 |
| Total comprehensive income for the period | - | 185,918 | 185,918 |
| Final cash dividend for the year ended June 30, 2023 at Rs. 3.00 per unit declared on September 15, 2023 | - | (420,000) | (420,000) |
| Balance as at December 31, 2023 | 1,400,000 | 221,408 | 1,621,408 |

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**GLOBE RESIDENCY REIT
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

| | December 31, 2023 (un-audited) | December 31, 2022 (un-audited) |
|---|--------------------------------------|--------------------------------------|
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 198,314 | 338,987 |
| Adjustments for non-cash items: | | |
| Depreciation expense | 19 116 | 116 |
| Finance cost | 19 - | 20,920 |
| Mark-up on bank deposits | (5,071) | 13,953 |
| Gain on disposal under Musharaka arrangement | - | (52,693) |
| | <u>193,359</u> | <u>321,283</u> |
| (Increase) / decrease in assets | | |
| Inventory property | 39,951 | 516,067 |
| Contract cost assets | 8,195 | (10,431) |
| Contract assets | (314,223) | (602,478) |
| Other receivables | (38,889) | 301,034 |
| Advance for development expenditure | 57,668 | (156,962) |
| | <u>(247,298)</u> | <u>47,230</u> |
| Increase / (decrease) in liabilities | | |
| Contract liabilities | 33,324 | 18,492 |
| Commission payable | (56) | 14,457 |
| Trade and other payables | 223,630 | (35,115) |
| Payable to the REIT Management Company | 8,048 | 1,190 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | 3,164 | 3,190 |
| Payable to the Securities and Exchange Commission of Pakistan | (2,819) | 2,823 |
| Accrued expenses and other liabilities | 166,960 | 159,581 |
| Outstanding land consideration | - | (450,000) |
| | <u>432,251</u> | <u>(285,382)</u> |
| Finance cost paid | (1,083) | 25,076 |
| Tax paid | (36,545) | (38,383) |
| Mark-up received on bank deposits | 4,881 | - |
| Carrying amount of inventory property sold to joint operator | - | (660,977) |
| Development expenditures received from / (paid on behalf of) joint operator | 52,288 | (116,885) |
| | <u>19,541</u> | <u>(791,169)</u> |
| Net cash generated from / (used in) operating activities | <u>397,853</u> | <u>(708,038)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal paid on long term loan | (83,333) | - |
| Proceeds from Musharaka Capital | 25 100,000 | 888,725 |
| Dividend Paid During the year | (407,611) | - |
| Net cash (used in) / generated from financing activities | <u>(390,944)</u> | <u>888,725</u> |
| Net increase in cash and cash equivalents during the period | <u>6,909</u> | <u>180,687</u> |
| Cash and cash equivalents at the beginning of the period | 7,307 | 160,122 |
| Cash and cash equivalents at the end of the period | <u>26 14,216</u> | <u>340,809</u> |

The annexed notes from 1 to 29 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

GLOBE RESIDENCY REIT
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Globe Residency REIT (the REIT) is established under a Trust Deed executed on December 24, 2021, 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 and Exchange Commission of Pakistan (SECP).

1.2 The Trust Deed of the REIT was executed on December 24, 2021 whereas approval of the registration of the REIT was 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.

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.

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:

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

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 annual published audited financial statements of the REIT for the year ended June 30, 2023.

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.

2.2 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the functional and presentation currency of the REIT.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention.

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 year ended June 30, 2023.

3.2 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards as applicable in Pakistan for interim financial reporting that requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the REIT's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the REIT's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements of the REIT for the year ended June 30, 2023.

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

There are certain amendments to the published accounting and reporting standards that are mandatory for the REIT's accounting period beginning on July 01, 2023. 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 the published accounting and reporting standards that are not yet effective

There are certain new and amended standards, interpretations and amendments to the accounting and reporting standards that are mandatory for the REIT's accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or will not have any significant effect on the REIT's operations and are, therefore, not detailed in these condensed interim financial statements.

4 PROPERTY AND EQUIPMENT

Opening net book value
Additions during the period / year

Less: Net book value of disposals during the period / year
Less: Depreciation expense for the period / year

5 CONTRACT COST ASSETS

Current portion
Non-current portion
Total contract cost assets

5.1 Movement in contract cost assets

Carrying amount at beginning of the period / year
Additions
Amortisation for the period / year (recognised in cost of sales)
Total contract cost assets

| | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|--|--------------------------------------|-------------------------------|
| | ------(Rupees in '000)----- | |
| | 372 | 603 |
| | - | - |
| | 372 | 603 |
| | - | - |
| | (116) | (231) |
| | (116) | (231) |
| | <u>256</u> | <u>372</u> |
| | 23,548 | 17,455 |
| | 6,659 | 20,947 |
| | <u>30,207</u> | <u>38,402</u> |
| | 38,402 | 28,316 |
| | 2,115 | 31,782 |
| | (10,310) | (21,696) |
| | <u>30,207</u> | <u>38,402</u> |

- 5.2 The REIT has 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 / year is recognised in cost of sales.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|----------|--|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 6 | INVENTORY PROPERTY | | |
| | | Note | |
| | Carrying amount at beginning of the period / year | 2,055,904 | 2,301,375 |
| | Net additions during the period / year | | |
| | Land | - | - |
| | Land transfer duties and taxes | - | - |
| | Development expenditures | 418,535 | 1,244,858 |
| | Borrowing cost capitalised | 168,536 | 250,307 |
| | Construction materials | 816,992 | 1,617,630 |
| | Share of Joint Operator | (109,660) | (296,836) |
| | Transferred from Joint Operator | 166,696 | - |
| | | 1,461,099 | 2,815,959 |
| | Sold to joint operator under Musharaka arrangement | - | (660,803) |
| | Transfers to Cost of sales | (1,501,050) | (2,400,627) |
| | | <u>2,015,953</u> | <u>2,055,904</u> |

- 6.1 This relates to borrowing cost incurred on term finance facility as referred in note 10.1. The borrowing costs have been capitalised for inventory properties as these are qualifying assets.

- 6.2 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 58.07% as at December 31, 2023 (June 30, 2023: 45.84%). 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.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|------------|---------------------------------------|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 6.3 | Break-up of inventory property | | |
| | Musharaka Asset | 900,603 | 957,639 |
| | Other inventory property | 1,115,350 | 1,098,265 |
| | | <u>2,015,953</u> | <u>2,055,904</u> |

7 CONTRACT ASSETS

| | | |
|-----------------------------------|------------------|------------------|
| At beginning of the period / year | 1,535,223 | 916,202 |
| Receipts during the period / year | (1,026,429) | (2,091,201) |
| Recorded as revenue | 1,340,652 | 2,710,222 |
| | <u>1,849,446</u> | <u>1,535,223</u> |

- 7.1 Contract assets are initially recognised for revenue earned from property under development which has been sold but yet to be billed to customers. Upon billing of invoice, the amounts recognised as contract assets are reclassified to trade receivables.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|----------|---|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 8 | OTHER RECEIVABLES | | |
| | | Note | |
| | Advance tax | 8.1 | 4,664 |
| | Mark-up receivable on bank balances | 711 | 521 |
| | Receivable from Javedan Corporation Limited | 8.2 | 38,889 |
| | | <u>44,264</u> | <u>5,185</u> |

- 8.1 This amount has been paid against tax demand under the provisions of Section 4C of the Income Tax Ordinance, 2001.
- 8.2 This represents net receivable balance from Javedan Corporation Limited amounting to Rs. 38.889 million as at December 31, 2023 (net receivable balance as at June 30, 2023: Nil). Refer note 22.2 for detailed disclosures of amounts outstanding as at period end with Javedan Corporation Limited.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|----------|----------------------|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 9 | BANK BALANCES | | |
| | | Note | |
| | Saving accounts | 9.1 | 14,216 7,307 |

- 9.1 These saving accounts carry mark-up at rates ranging from 11.00% to 20.50% (June 30, 2023: 10.00% to 19.50%) per annum. Mark-up on bank deposits recognised during the period amounted to Rs. 5.08 million (December 31, 2022: Rs. 13.95 million).

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|-------------|--|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 10 | LONG TERM LOAN | | |
| | | Note | |
| | Term finance facility | 10.1 | 1,316,667 1,400,000 |
| 10.1 | Break-up of term finance facility | | |
| | Term finance facility | 1,316,667 | 1,400,000 |
| | Less: current portion of term finance facility | (166,667) | (466,667) |
| | Long-term portion of term finance facility | 1,150,000 | 933,333 |

- 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 mark-up rate of 6 months KIBOR + 1.25% spread. The loan was repayable in six equal half-yearly instalments starting from October 1, 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 mark-up to be paid on semi-annual basis.

On September 26, 2023 amendment was made in respect of the facility obtained from the Bank. As per the amendment, the loan is repayable in eight half-yearly instalments starting from October 1, 2023. The revised tenor of financing is 5 years from the date of disbursement (including 1 year grace period) and the principal repayment is to be made on step-up basis. All other terms and conditions shall remain unchanged.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|-----------|-----------------------------------|--------------------------------------|-------------------------------|
| | | ------(Rupees in '000)----- | |
| 11 | CONTRACT LIABILITIES | | |
| | At beginning of the period / year | 178,044 | 66,015 |
| | Receipts | 464,779 | 251,621 |
| | Revenue recognised | (431,455) | (139,592) |
| | | 211,368 | 178,044 |

- 11.1 Contract liabilities include instalments received from customers subject to cancellation charges in the event where a customer plans to cancel their contract. This gives the REIT protection if the customer withdraws from the conveyancing transaction. If this were to happen, 25% (June 30, 2023: 25%) of the customers' deposits would be forfeited, waivable as per the discretion of the REIT. The customer's ability to transfer the apartment to a third party gives reasonable evidence to conclude that where the customer would like to withdraw from their conveyance deed, the customer would prefer transferring their apartment booking to a third party rather than cancel their booking and get their deposits forfeited.

| | | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|-------------|---|--------------------------------------|-------------------------------|
| | | ----- (Rupees in '000) ----- | |
| 12 | PAYABLE TO THE REIT MANAGEMENT COMPANY | Note | |
| | Remuneration of the REIT Management Company | 12.1 | 14,371 |
| | Sindh sales tax on remuneration of the REIT Management Company | 12.2 | 1,820 |
| | | | 908 |
| | | | 16,191 |
| | Others | | 866 |
| | | | 730 |
| | | | 17,057 |
| | | | 9,009 |
| 12.1 | 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 1.00% (June 30, 2023: 1.00%) of the REIT Fund. | | |
| 12.2 | The Sindh Government has levied Sindh Sales Tax on the remuneration of REIT Management Company through Sindh Sales Tax on Services Act, 2011, effective from July 01, 2014. The current applicable tax rate is 13% (June 30, 2023: 13%) being effective from July 01, 2016. During the period, an amount of Rs. 1.820 million (December 31, 2022: Rs. 1.835 million) has been charged on account of sales tax on remuneration of the REIT Management Company. | | |
| 13 | PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE | Note | |
| | Trustee fee payable | 13.1 | 9,796 |
| | Sindh sales tax on remuneration of the Trustee | 13.2 | 1,274 |
| | | | 6,996 |
| | | | 910 |
| | | | 11,070 |
| | | | 7,906 |
| 13.1 | 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 0.20% (June 30, 2023: 0.20%) per annum of the initial REIT Fund size during the current period. | | |
| 13.2 | 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% (June 30, 2023: 13%) being effective from July 01, 2016. During the period, an amount of Rs. 0.364 million (December 31, 2022: Rs. 0.367 million) has been charged on account of sales tax on remuneration of the Trustee. | | |
| 14 | PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN | Note | |
| | Annual fee payable | 14.1 | 2,781 |
| | | | 5,600 |
| 14.1 | 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% (June 30, 2023: 0.20%) of the REIT's average fund size per annum. | | |
| 15 | TRADE AND OTHER PAYABLES | | |
| | Payable to supplier | | 342,301 |
| | Payable to customer | | 118,429 |
| | Payable to Javedan Corporation Limited | | 3,910 |
| | Payable to Signature Residency REIT | | - |
| | Payable to Rahat Residency REIT | | 6,442 |
| | | | 309 |
| | | | 3,899 |
| | | | 1,918 |
| | | | 350,419 |
| | | | 126,789 |

| | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|--|--------------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| 16 ACCRUED EXPENSES AND OTHER LIABILITIES | | |
| Payable to project manager | 260,513 | 123,519 |
| Retention money | 22,289 | 17,677 |
| Auditors' remuneration payable | 3,847 | 4,746 |
| Payable to REIT accountant | 250 | 250 |
| Unit registrar's fee payable | 500 | 189 |
| Sales tax and withholding income tax | 14,247 | 8,262 |
| Tax payable | 738 | 23,644 |
| Other liabilities | 37,282 | 18,568 |
| | <u>339,666</u> | <u>196,855</u> |

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 On March 30, 2023, the Additional Commissioner Inland Revenue [ACIR] passed an order under Section 122(5A) of the Income Tax Ordinance, 2001 (ITO), amending the assessment for tax year 2022 and raised demand of Rs. 54.057 million.

ACIR demanded tax aggregating to Rs. 37.671 million under Section 100D of the ITO and contended that the said tax should have been paid for the tax year starting from July 2021, instead from the Project start date / date of registration with the Federal Board of Revenue (FBR). The above demand was raised under clauses (b) and (c) of sub-rule (2) of rule 2 of the Eleventh Schedule to the ITO despite the fact that these clauses already stand deleted through the Finance Act, 2021, causing this impugned order to be void ab-initio.

Furthermore, the above order also included a demand aggregating to Rs. 16.486 million under Section 4C of the ITO i.e. by levying Super Tax at the slab rate of 4%. The matter of application of Super Tax for the tax year 2022 has already been declared as void / illegal by the Honourable Sindh High Court through its judgment dated December 22, 2022, and the same matter is presently subjudice before the Honourable Supreme Court of Pakistan (SCP).

The management, based on the advice of its tax advisor, made payment under protest of Rs. 4.664 million against the aforesaid demand of Super Tax at the applicable slab rate of 2%, despite concerns over legality / jurisdiction to pay Super Tax for the tax year 2022. This amount has been recorded as receivable as disclosed in note 8. The REIT reserves the right to claim refund of Super Tax in case the matter is decided by the SCP in favour of the taxpayers.

The management filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order of the ACIR, which was decided by the CIR(A) against the REIT through Appellate Order dated July 24, 2023, making no changes on all the issues raised therein.

Considering the facts of the case, and upon consultation with its tax advisor, an appeal before the Appellate Tribunal will shortly be filed. The management is confident the appeal is likely to be decided in favour of the REIT. Accordingly, no provision has been recorded in these financial statements for the above matter.

17.2 Commitments

There were no commitments outstanding as at December 31, 2023 and June 30, 2023.

| | | Six months period ended December 31, 2023 (Un-audited) | Six months period ended December 31, 2022 (Un-audited) |
|--------------------------------------|-------------|--|--|
| | | ----- (Rupees in '000) ----- | |
| 18 COST OF SALES | Note | | |
| Transfers from inventory property | 6 | 1,501,050 | 1,333,562 |
| Amortisation of contract cost assets | 5.1 | 10,310 | 12,701 |
| | | <u>1,511,360</u> | <u>1,346,263</u> |

| 19 | ADMINISTRATIVE AND OPERATING EXPENSES | Note | Six months | Six months |
|----|---------------------------------------|------|--|--|
| | | | period ended December 31, 2023 (Un-audited) | period ended December 31, 2022 (Un-audited) |
| | | | ------(Rupees in '000)----- | |
| | Project management fee | 19.1 | 40,474 | 40,211 |
| | REIT Accountant Fees | | 1,500 | 2,108 |
| | Fees and subscriptions | | 387 | 7,063 |
| | Legal and professional charges | | 3,207 | 563 |
| | Depreciation expense | | 116 | 116 |
| | Auditors' remuneration | | 3,875 | 5,130 |
| | Finance cost | | - | 20,920 |
| | Bank charges | | 13 | 14 |
| | Printing and stationery | | 1,808 | - |
| | Back office accounting fee | | 1,695 | - |
| | Other expenses | | 537 | 386 |
| | | | <u>53,612</u> | <u>76,511</u> |

- 19.1 These represent project management fee accrued for the six months period ended December 31, 2023. In accordance with the regulation 15 (viii) of the REIT Regulations, 2022, the REIT Management Company 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% (December 31, 2022: 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 | Note | Six months | Six months |
|----|---|------|--|--|
| | | | period ended December 31, 2023 (Un-audited) | period ended December 31, 2022 (Un-audited) |
| | | | ------(Rupees in '000)----- | |
| | Tax charge for the current period | | 37,283 | 67,628 |
| | Default surcharge | | 1,130 | - |
| | Prior year | 20.3 | (21,269) | - |
| | Liability transferred to joint operator | 25 | (4,748) | (17,955) |
| | Current tax expense | | <u>12,396</u> | <u>49,673</u> |

- 20.1 As discussed in note 1.3, 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 238.69 million which is to be paid on a quarterly basis. Out of Rs 238.69 million, Rs. 35.81 million (December 31, 2022: Rs 67.63 million) relates to the current period and accordingly has been recognised in these condensed interim financial statements.

- 20.2 One of the primary conditions specified in Section 100D is the completion of the "grey structure" of the Project, as defined under the Eleventh Schedule to the Income Tax Ordinance, 2001, by September 30, 2023.

The grey structure of the Project was not completed by September 30, 2023 for reasons beyond the control of the management. However, since the REIT has complied with all the conditions laid down in the law, the management is of the view that after making payment of tax liability on due dates as laid down in the aforementioned scheme, and following the guidelines issued by FBR in the form of Frequently Asked Questions (FAQs), it would remain subject to tax under Section 100D. Moreover, default surcharge has also been paid where only a single payment for last quarter (September 30, 2023) was delayed. The tax consultant of the REIT has also advised that following the guidelines issued by FBR, and payment of taxes on due dates, the argument for taxability under the aforementioned scheme exists. Accordingly, management has recorded tax liability of the REIT under Section 100D during the current period.

- 20.3** The REIT has charged and paid tax at the rate of 29% on scrap sales made in prior year. As per eleventh schedule sub-section 6, profit and gains in excess of ten times of the tax paid under section 100D shall be subject to tax. However, the profits and gains in the prior year were not in excess of ten times of tax paid under section 100D and the amount was paid by the REIT in excess. Therefore, a prior period adjustment has been recorded during the current period.

| | Six months period ended December 31, 2023 (Un-audited) | Six months period ended December 31, 2022 (Un-audited) |
|---|--|--|
| | ----- (Rupees in '000) ----- | |
| 21 EARNINGS PER UNIT - BASIC AND DILUTED | | |
| Total earnings for the period | <u>185,918</u> | <u>289,314</u> |
| | ----- (Number in Units) ----- | |
| 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>1.33</u> | <u>2.07</u> |

- 21.1** Diluted earnings per unit has not been presented as the REIT does not have any convertible instruments in issue as at December 31, 2023 which would have any effect on the earnings per unit if the option to convert is exercised.

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, Javedan Corporation Limited 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:

| 22.1 Transactions during the period: | December 31, 2023 (Un-audited) | December 31, 2022 (Un-audited) |
|---|--------------------------------------|--------------------------------------|
| | ----- (Rupees in '000) ----- | |
| Arif Habib Dolmen REIT Management Limited - (Management Company) | | |
| - Remuneration of the REIT Management Company | 14,000 | 14,115 |
| - Remuneration paid | 7,000 | 14,038 |
| - Sindh sales tax on remuneration of the REIT Management Company | 1,820 | 1,835 |
| - Development & other expenditure | 262 | 1,104 |
| Central Depository Company of Pakistan Limited - (Trustee) | | |
| - Remuneration of the Central Depository Company of Pakistan Limited | 2,800 | 2,823 |
| - Sindh sales tax on remuneration of the Trustee | 364 | 367 |

| | December 31, 2023 (Un-audited) | December 31, 2022 (Un-audited) |
|---|--------------------------------------|--------------------------------------|
| | ----- (Rupees in '000) ----- | |
| Arif Habib Development & Engineering Consultants (Private) Limited - | | |
| (Associate due to common directorship) | | |
| - Expenses incurred on behalf of the REIT | 106,520 | 16,251 |
| - Project management fee charged for the period | 40,474 | 40,211 |
| - Advance against expenditures | 10,000 | 50,000 |
| Javedan Corporation Limited - | | |
| (Sponsor of the REIT / associate due to common directorship) | | |
| - Payment for partial land consideration | - | 450,000 |
| - Expenses incurred on behalf of the REIT | - | 188,425 |
| - Customer advances received on behalf of the REIT | 1,691 | 2,719 |
| - Reimbursement to JCL for expenses incurred on behalf of Scheme | 35,639 | 99,204 |
| - Repayment to the REIT in respect of amounts received from customer | - | 319,430 |
| - Amounts received in respect of apartments sold | 458,690 | - |
| - Revenue in respect of apartments sold | 356,230 | - |
| Safe Mix Concrete Limited - | | |
| (Associate due to common directorship) | | |
| - Purchases of construction material | 275,149 | 582,237 |
| - Payments made in respect of construction material | 218,856 | 251,172 |
| Rahat Residency REIT (RRR) - | | |
| (Associate due to common directorship) | | |
| - Customer advances received on behalf of RRR | 500 | - |
| - Scrap sales made on behalf of RRR | 1,481 | - |
| Signature Residency REIT (SRR) - | | |
| (Associate due to common directorship) | | |
| - Customer advances received on behalf of SRR | 309 | - |
| NN Maintenance Company (Private) Limited - | | |
| (Associate due to common directorship) | | |
| - Electricity charged during the year | 4,825 | - |
| - Amount paid in respect of electricity charges | 6,765 | - |
| Power Cement Limited - | | |
| (Associate due to common directorship) | | |
| - Purchases of cement bags | 14,255 | - |
| - Payments made in respect of cement bags | 5,058 | - |
| Aisha Steel Mills Limited - | | |
| (Associate due to common directorship) | | |
| - Transportation charges for of G.I sheets | 21 | - |
| Haji Abdul Ghani - | | |
| (Associate due to sponsor of the REIT) | | |
| - Amounts received in respect of apartments sold | 182,075 | 163,055 |
| - Revenue in respect of apartments sold | 125,303 | 207,895 |
| Muhammad Arif Habib - | | |
| (Director of Management Company) | | |
| - Amounts received in respect of apartments sold | 77,977 | - |
| - Revenue in respect of apartments sold | 125,303 | - |
| Arif Habib Limited - | | |
| (Associate due to common control) | | |
| - Amounts received in respect of apartments sold | - | 30,571 |
| - Revenue in respect of apartments sold | 39,406 | 38,063 |

| | December 31, 2023 (Un-audited) ----- (Rupees in '000) ----- | December 31, 2022 (Un-audited) |
|--|--|--------------------------------------|
| Muhammad Kashif A. Habib - (Close relative of a director) | | |
| - Amounts received in respect of apartments sold | 3,732 | 4,589 |
| - Revenue in respect of apartments sold | 4,564 | 3,786 |
| Abdus Samad A. Habib - (Director of Management Company) | | |
| - Amounts received in respect of apartments sold | - | 2,214 |
| - Revenue in respect of apartments sold | 2,208 | 1,918 |
| Razi Haider - (CFO & Company Secretary of Management Company) | | |
| - Amounts received in respect of apartments sold | 994 | 1,119 |
| - Revenue in respect of apartments sold | 1,513 | 1,081 |
| Alamgir A Shaikh - (Director of sponsor) | | |
| - Amounts received in respect of apartments sold | 373 | 870 |
| - Revenue in respect of apartments sold | 1,513 | 1,318 |
| 22.2 Amounts outstanding as at period / year end: | | |
| | December 31, 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 | 14,371 | 7,371 |
| - Sindh Sales Tax payable on remuneration of the REIT Management Company | 1,820 | 908 |
| - Payable in respect of development & other expenditure | 716 | 580 |
| - Payable in respect of fees and subscriptions | 150 | 150 |
| Central Depository Company of Pakistan Limited - (Trustee) | | |
| - Remuneration of the Trustee payable | 9,796 | 6,996 |
| - Sindh Sales Tax payable on remuneration of the Trustee | 1,274 | 910 |
| Arif Habib Development & Engineering Consultants (Private) Limited - (Associate due to common directorship) | | |
| - Payable in respect of expenses incurred on behalf of the REIT | 101,590 | 5,070 |
| - Payable in respect of project management fee | 158,923 | 118,449 |
| Javedan Corporation Limited (JCL) - (Sponsor of the REIT / associate due to common directorship) | | |
| - Payable in respect of expenses incurred on behalf of the REIT | 285,486 | 321,125 |
| - Net receivable in respect of scrap sales | 26,670 | 18,670 |
| - Receivable in respect of amounts received from customers on behalf of the REIT | 297,705 | 296,014 |
| - Outstanding land consideration | 250,000 | 250,000 |
| - Contract liability outstanding | 102,460 | - |
| Safe Mix Concrete Limited - (Associate due to common directorship) | | |
| - Payable in respect of purchases of construction material | 105,459 | 49,166 |
| Aisha Steel Mills Limited - (Associate due to common directorship) | | |
| - Payable in respect of G.I sheets | 29,443 | 29,422 |

| | December 31, 2023 (Un-audited) | June 30, 2023 (Audited) |
|--|--------------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| Power Cement Limited - (Associate due to common directorship) | | |
| - Payable in respect cement bags | 9,197 | - |
| NN Maintenance Company (Private) Limited - (Associate due to common directorship) | | |
| - Payable in respect of electricity charges | 1,215 | 3,155 |
| Rahat Residency REIT (RRR) - (Associate due to common directorship) | | |
| - Payable in respect of scrap sales | 3,399 | 1,918 |
| - Payable in respect of advances received on behalf of RRR | 500 | - |
| Signature Residency REIT (SRR) - (Associate due to common directorship) | | |
| - Payable in respect of advances received on behalf of SRR | 309 | - |
| Muhammad Arif Habib - (Director of Management Company) | | |
| - Contract asset outstanding | 160,660 | 113,334 |
| Haji Abdul Ghani - (Associate due to sponsor of the REIT) | | |
| - Contract asset outstanding | 56,562 | 113,334 |
| Razi Haider - (CFO & Company Secretary of Management Company) | | |
| - Contract asset outstanding | 1,748 | 1,229 |
| Arif Habib Limited - (Associate due to common control) | | |
| - Contract liability outstanding | 60,742 | 100,148 |
| Muhammad Kashif A. Habib - (Close relative of a director) | | |
| - Contract asset outstanding | 5,703 | 4,871 |
| Abdus Samad A. Habib - (Director of Management Company) | | |
| - Contract asset outstanding | 4,894 | 2,686 |
| Alamgir A Shaikh - (Director of sponsor) | | |
| - Contract asset outstanding | 2,369 | 1,229 |

23 OPERATING SEGMENTS

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the RMC has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the REIT's portfolio and considers the REIT to have a single operating segment. The REIT's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the REIT's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the accounting and reporting standards as applicable in Pakistan.

The REIT is domiciled in Pakistan and all of its income is generated in Pakistan.

The REIT functions as a single operating segment. Income is derived from the sale of apartments under development that meets the over time criteria of revenue recognition, the REIT's performance is measured using an input method, by reference to the input towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation, i.e., the completion of the project.

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.

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).

24.2 Accounting classifications and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| December 31, 2023 (Un-audited) | | | | | | | |
|--|--|---|-----------|------------|---------|---------|-------|
| Financial instruments 'at fair value through other comprehensive income' | Carrying amount | | | Fair value | | | |
| | Financial instruments 'at fair value through profit or loss' | Financial instruments 'at amortised cost' | Total | Level 1 | Level 2 | Level 3 | Total |
| (Rupees in '000) | | | | | | | |
| Financial assets - not measured at fair value | | | | | | | |
| Long term deposits | - | 3,057 | 3,057 | - | - | - | - |
| Contract assets | - | 1,849,446 | 1,849,446 | - | - | - | - |
| Other receivables | - | 39,600 | 39,600 | - | - | - | - |
| Bank balances | - | 14,216 | 14,216 | - | - | - | - |
| | - | 1,906,319 | 1,906,319 | | | | |
| Financial liabilities - not measured at fair value | | | | | | | |
| Long term loan | - | 1,316,667 | 1,316,667 | - | - | - | - |
| Payable to joint operator | - | 3,748 | 3,748 | - | - | - | - |
| Outstanding land consideration | - | 250,000 | 250,000 | - | - | - | - |
| Contract liabilities | - | 211,368 | 211,368 | - | - | - | - |
| Payable to the REIT Management Company | - | 15,237 | 15,237 | - | - | - | - |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | - | 9,796 | 9,796 | - | - | - | - |
| Trade and other payables | - | 350,419 | 350,419 | - | - | - | - |
| Accrued expenses and other liabilities | - | 287,937 | 287,937 | - | - | - | - |
| Dividend Payable | - | 12,389 | 12,389 | - | - | - | - |
| Accrued markup on long term loan | - | 80,313 | 80,313 | - | - | - | - |
| Commission payable | - | 2,035 | 2,035 | - | - | - | - |
| | - | 2,539,909 | 2,539,909 | | | | |

| June 30, 2023 (Audited) | | | | | | | |
|--|--|---|-------|------------|---------|---------|-------|
| Carrying amount | | | | Fair value | | | |
| Financial instruments 'at fair value through other comprehensive income' | Financial instruments 'at fair value through profit or loss' | Financial instruments 'at amortised cost' | Total | Level 1 | Level 2 | Level 3 | Total |

(Rupees in '000)

Financial assets - not measured at fair value

| | | | | | | | | |
|--------------------------------|---|---|-----------|-----------|---|---|---|---|
| Long term deposits | - | - | 3,057 | 3,057 | - | - | - | - |
| Contract assets | - | - | 1,535,223 | 1,535,223 | - | - | - | - |
| Receivable from joint operator | - | - | 148,540 | 148,540 | - | - | - | - |
| Other receivables | - | - | 521 | 521 | - | - | - | - |
| Bank balances | - | - | 7,307 | 7,307 | - | - | - | - |
| | - | - | 1,694,648 | 1,694,648 | - | - | - | - |

Financial liabilities - not measured at fair value

| | | | | | | | | |
|---|---|---|-----------|-----------|---|---|---|---|
| Long term loan | - | - | 1,400,000 | 1,400,000 | - | - | - | - |
| Outstanding land consideration | - | - | 250,000 | 250,000 | - | - | - | - |
| Contract liabilities | - | - | 178,044 | 178,044 | - | - | - | - |
| Payable to the REIT Management Company | - | - | 8,101 | 8,101 | - | - | - | - |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | - | - | 6,996 | 6,996 | - | - | - | - |
| Trade and other payables | - | - | 126,789 | 126,789 | - | - | - | - |
| Accrued expenses and other liabilities | - | - | 146,663 | 146,663 | - | - | - | - |
| Accrued mark-up on long term loan | - | - | 81,396 | 81,396 | - | - | - | - |
| Commission payable | - | - | 2,091 | 2,091 | - | - | - | - |
| | - | - | 2,200,080 | 2,200,080 | - | - | - | - |

25 INTEREST IN JOINT ARRANGEMENTS

| (Payable to) / receivable from the Bank | Note | December 31, | June 30, |
|---|------|------------------------------|-------------------|
| | | 2023 (Un-audited) | 2023 (Audited) |
| | | ----- (Rupees in '000) ----- | |
| Opening balance | | 148,540 | - |
| Land (including land transfer duties and taxes) transferred to the Bank | 25.1 | - | 432,577 |
| Development expenditures during the period / year | | 109,660 | 525,062 |
| Transferred to Inventory property during the period / year | 25.3 | (166,696) | - |
| Bank's share of cumulative tax charge during the period / year | | 4,748 | 26,933 |
| Gain on disposal under Musharaka arrangement | | - | 52,693 |
| Amount received from the Bank | 25.2 | (100,000) | (888,725) |
| Closing (payable) / receivable | | (3,748) | 148,540 |

- 25.1** On September 26, 2022, the REIT and Meezan Bank Limited (the Bank) 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. 3,745 million (June 30, 2023: 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 (Musharaka 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. Moreover, the cost 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 has 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 228.226 million.

As at December 31, 2023 the Bank has contributed a total sum of Rs. 988.725 million (June 30, 2023: 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 Musharaka Asset. Any amount left is to be adjusted from future development expenditures.

Moreover, as disclosed in note 20 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 Musharaka Assets amounted to Rs 63.362 million. Accordingly, the Bank's share of tax amounted to Rs 31.681 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.

25.3 During the period, the management has reallocated the cost of Musharaka assets from estimated cost basis for overall projects under Globe Residency REIT to actual cost basis (specific to Musharaka assets) based on communication received from the Bank and the management's concurrence on the same. Consequently, the relevant adjustments have been made to the inventory property. The cost of Musharaka asset upto December 31, 2023 allocated to Meezan Bank Limited amounts to Rs. 984.977 million.

26 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following amounts appearing on the condensed interim statement of cash flows:

| | December 31, 2023 (Un-audited) | December 31, 2022 (Un-audited) |
|---------------|--------------------------------------|--------------------------------------|
| | ----- (Rupees in '000) ----- | |
| Bank balances | <u>14,216</u> | <u>340,809</u> |

27 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified wherever necessary for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

28 GENERAL

28.1 Figures in the condensed interim financial statements for the quarters ended December 31, 2023 and December 31, 2022 have not been subjected to limited scope review of the auditors.

28.2 All financial information presented has been rounded off to the nearest thousand rupees, except otherwise stated.

29 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 27, 2024 by the Board of Directors of the RMC.



Chief Financial Officer



Chief Executive Officer



Director

