

DOLMEN CITY REIT

QUARTERLY REPORT
SEP 30, 2024



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

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

021-111-245-111

www.arifhabibdolmenreit.com

MANAGED BY



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

TABLE OF CONTENTS

| | |
|--------------------------------------------------------------------------|----|
| Scheme's Information | 3 |
| Vision, Mission and Delivering Value | 5 |
| Directors' Report | 7 |
| Shariah Report | 13 |
| <hr/> | |
| Condensed Interim Financial Position | 17 |
| Condensed Interim Statement of Profit or Loss (Unaudited) | 18 |
| Condensed Interim Statement of Comprehensive Income (Unaudited) | 19 |
| <hr/> | |
| Condensed Interim Statement of Changes In Unit Holders' Fund (Unaudited) | 20 |
| Condensed Interim Statement of Cash Flows (Unaudited) | 21 |
| <hr/> | |
| Notes to the Condensed Interim Financial Statements (Unaudited) | 22 |

Dolmen City 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 | CFO & Company Secretary |
| Mr. Sajjad Usman | Head of Internal Audit & Compliance |

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B" S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi.

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block "B" S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi.

Bankers

| | |
|---------------------------------|---------------------|
| Bank Al Habib Limited | Askari Bank Limited |
| Faysal Bank Limited | Habib Bank Limited |
| Habib Metropolitan Bank Limited | Meezan Bank Limited |
| United Bank Limited | Allied Bank Limited |
| Bank Alfalah Limited | Dubai Islamic Bank |
| National Bank of Pakistan | |

External Auditor

KPMG Taseer Hadi & Co. Chartered Accountant, Sheikh Sultan Trust Building No.2, Beaumont Road, Civil Lines, Karachi, 75530

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

Mohsin Tayabaly & CO. Corporate Legal Consultants, 1st Floor, Dime Center, BC -4 Block 9, Kekashan, Clifton Karachi.

Property Manager

Dolmen Real Estate Management (Private) Limited.

Property Valuer

MYK Associates (Pvt.) Limited MYK HOUSE, 52-A, Block 'B', Street # 5, Muslim Cooperative Housing Society (S.M.C.H.S.), Karachi.

Shariah Advisor

Alhamd Shariah Advisor Service (Private) Limited.

Rating Agency

VIS Credit Rating Company Limited VIS House, 128/C, 25th Lane Off Khayaban-e-Ittehad, Phase VII, DHA, Karachi.

Current Ratings

DCR Rating: AAA (rr) (REIT Rating)
RMC Rating: AM2+ (RMC) (Management Quality Rating).

Registered Office of Management Company

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

VISION

- “all eyes on you”

As Pakistan’s first REIT, DCR aims to maintain its position as the premier office and retail Real Estate Investment Trust.

MISSION

- “challenge the status quo and try new things”

Be a space where people aspire to work
Inspiring you to achieve more

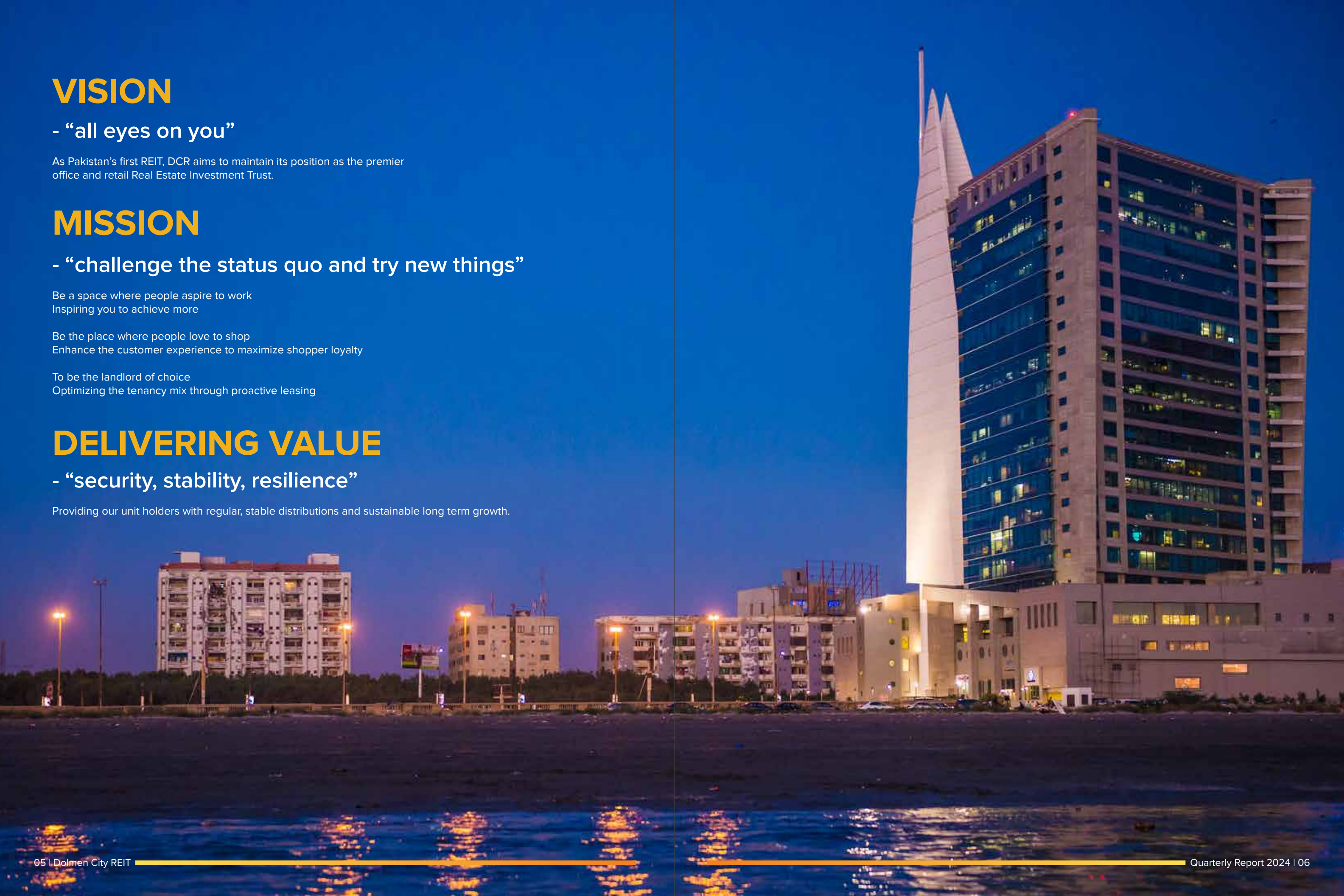
Be the place where people love to shop
Enhance the customer experience to maximize shopper loyalty

To be the landlord of choice
Optimizing the tenancy mix through proactive leasing

DELIVERING VALUE

- “security, stability, resilience”

Providing our unit holders with regular, stable distributions and sustainable long term growth.





Directors' Report

DIRECTORS' REPORT

Dear Unitholders

The Board of Directors of Arif Habib Dolmen REIT Management Limited are pleased to present the Director's Review Report of Dolmen City REIT ("DCR" or "the Scheme") for the three months ended September 30, 2024, of financial year 2024-25.

The REIT Asset

The REIT assets comprise Dolmen Mall and Harbour Front which are a part of Dolmen City Clifton; a mixed use, waterfront development at the cusp of Karachi's Defence and Clifton areas, comprising of four office towers—Sky Tower A and B (office space with future planning for hotel and serviced apartments), Harbour Front, Executive Tower and the three-level Dolmen Mall. The complex covers 3.4 million sq ft.

Dolmen Mall Clifton, offering just under 543,000 sq.ft. leasable area has transformed retail in Pakistan, offering a world-class shopping experience with over 130 outlets, a hypermarket, and a food court for 1,200 people. It features a diverse range of local and international brands including Mango, Carrefour, Khaadi, Gul Ahmed and Nike. As Pakistan's first mall of international standards, it attracts shoppers nationwide with its premium retail and dining options.

The 19-floor Harbour Front offering just over 257,000 sq.ft. leasable area; stands out as one of the country's premier office spaces, blending modern design with functionality. Its strategic location offers stunning views of the waterfront, creating an inspiring work environment. The sleek architecture and contemporary interiors make it an attractive choice for businesses looking to make a statement making it home to some of the top multinational corporations (MNCs) and local companies operating in Pakistan.

Financial and Operational Performance

Summary of financial performance - Three months ended September 30, 2024:

| Description | Sep 24 PKR (million) | Sep 23 PKR (million) |
|------------------------|-------------------------|-------------------------|
| Rental Income | 1,286.26 | 1,200.24 |
| Marketing Income | 83.58 | 60.29 |
| Administrative Expense | (304.92) | (166.46) |
| Net Operating Income | 1,064.93 | 1,094.06 |
| Other Income | 90.81 | 85.32 |
| Distributable Profit | 1,112.88 | 1,136.12 |

DCR exhibited strong financial and operational performance. It has consistently maintained occupancy of over 98%. As on September 30, 2024, the Weighted Average Lease Expiry 'WALE' of Dolmen City Mall (68% of the total leasable area) is around 2.62 years and that of the Harbour Front (32% of the total leasable area) is around 4.11 years.

Occupancy levels at Dolmen Mall Clifton and Harbour Front at end of three months are as follows:

| Description | Dolmen Mall Clifton | Harbour Front | Total |
|-----------------------------------------------|------------------------|------------------|---------|
| Leasable Area as of September 2024 (in Sq ft) | 542,847 | 257,162 | 800,009 |
| Leased Area in September 2024 (Sq ft) | 534,592 | 249,962 | 784,554 |
| Occupancy Percentages (September 2024) | 98.50% | 97.20% | 98.06% |
| Leased Area as at June 2024 | 529,998 | 249,962 | 779,960 |
| Occupancy Percentages (June 2024) | 97.61% | 97.20% | 97.48% |
| Occupancy variation in three months | 4,594 | - | 4,594 |

Marketing Activities

Dolmen City remains customers destination spot in Karachi. The success is proven by consistently high footfall of 23,000 to 30,000 customers per day.

| Footfall for the three months ended September 30, 2024 | | |
|-----------------------------------------------------------|----------------|------------------------|
| Month | *Daily Average | Total for the Month |
| July | 24,873 | 771,058 |
| August | 28,912 | 896,257 |
| September | 23,093 | 692,797 |

* Calculated based on operational days.

Footfall is maintained through a sequence of well-planned events. The objective of these activities is to create a consistent pull of customers into the mall throughout the year. Events are announced through social media and the quarterly Dolmen Magazine with visitors encouraged by brand advertisements and discount offerings.

Dolmen Pop Up (24th – 28th July):

Welcome to "Souk Vibes" at Dolmen Mall, where the vibrant spirit of traditional Middle Eastern markets comes alive in the heart of Karachi. For 5 days only, our pop-up bazaar will transform the Dolmen Mall atriums into a bustling souk, filled with the colors, textures, and aromas of the region. Immerse yourself in the rich culture and heritage of the Middle East, where hospitality and community come first.

As you explore our curated selection of vendors, discover unique gifts, handmade crafts, and artisanal foods that will transport you to the vibrant streets of Marrakech, Cairo, and Istanbul. Take a break at our pop-up cafe, serving up delicious delicacies and refreshing drinks.

- To enhance customer experience through the thematic ambiance of the mall.
- To increase footfalls
- To improve customer experience

Independence Day (9th – 14th Aug)

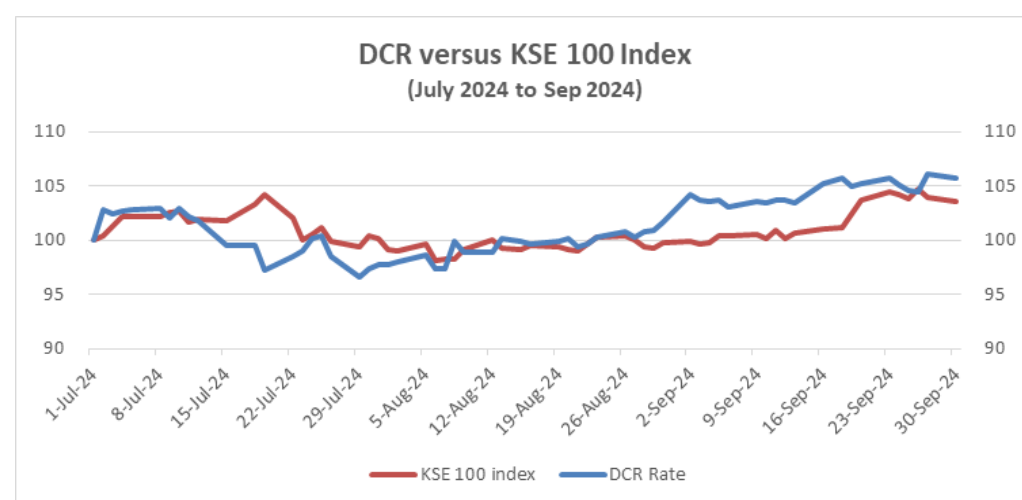
14th August, Independence Day celebrations is one of the most important and anticipated events every year in all the Dolmen Malls. The plan was to give a smile and patriotic feel to our customers during such a time. The customers were given a chance to win exciting prizes through the lucky draws and social media of Dolmen Malls.

- Decorations
- Setups & Photo Ops
- Brand Activations from different brands

DCR Unit Performance

| Key Metrics | Q1 FY25 | Q1 FY24 |
|---------------|-----------|-----------|
| Opening Price | PKR 16.50 | PKR 13.75 |
| Closing Price | PKR 17.14 | PKR 13.80 |
| Average Price | PKR 16.74 | PKR 13.82 |
| Dividend | PKR 0.50 | PKR 0.50 |
| Price Return | 3.88% | 0.36% |
| Total Return | 6.91% | 4.00% |

During the three-month period under review, DCR's unit price reached a high of PKR 17.50 and a low of PKR 15.93. Compared to the same period last year, DCR showed notable growth with a 10.8x increase in price return and a 1.7x increase in total return. Additionally, the Average Daily Traded Volume rose from 341,419 in Q1 FY24 to 367,176 in Q1 FY25, indicating sustained investor interest in the units. As of September 30, 2024, DCR's Net Asset Value (NAV) was PKR 32.41 per unit, with the stock trading at a 47.12% discount to its NAV.



The KSE-100 index traded within a range of 77,084.48 to 82,247.91 over the same period. DCR's units displayed low market sensitivity, with a beta of 0.05 and minimal correlation to the index at 0.001, underscoring its stability and independence from broader market fluctuations.

Dividend Distribution

The Board of Directors has declared and approved an interim cash dividend of PKR 0.50 per unit for the quarter ended September 30, 2024. It translates into annual dividend yield of 20% at par value.

| For the Period | Total Distributed Dividend | Total Units | PKR / Unit |
|----------------|----------------------------|---------------|------------|
| Q1 FY25 | PKR 1,111,850,000 | 2,223,700,000 | PKR 0.50 |
| FY24 | PKR 4,447,400,000 | 2,223,700,000 | PKR 2.00 |
| FY23 | PKR 4,024,897,000 | 2,223,700,000 | PKR 1.81 |
| FY22 | PKR 3,335,550,000 | 2,223,700,000 | PKR 1.50 |

Shariah Compliance

Complying with Shariah guidelines, the fund's real estate remained secure under Takaful policies by "A" rated Pakistani operators supported by renowned international Re-Takaful syndicate. Shariah advisor, in his Annual Shariah Review Report, has confirmed compliance with Shariah principals in all aspects.

Business Environment

The demand for quality office space remains robust in Pakistan. Several sectors, such as technology and agriculture, show potential for growth and investment. The technology sector is experiencing rapid advancements leading to a higher demand for modern office spaces that accommodate tech startups and established firms seeking collaborative environments.

The retail industry is also witnessing substantial expansion, fueled by a rising middle class and increasing urbanization. This evolution underscores the importance of malls that offer a diverse range of retail options, as well as engaging experiences that cater to changing consumer preferences.

With local and international brands competing for market share, innovative retail solutions and enhanced customer experiences are becoming essential. Malls and office buildings that prioritize flexibility and customer-centric designs are well-positioned to thrive in this dynamic environment.

Outlook

The demand for both retail and office spaces in Pakistan are poised for growth. The key will be adaptability—retailers and businesses that can innovate and respond to changing consumer preferences and work trends will likely thrive in this evolving landscape. Investors and developers should focus on creating flexible, sustainable, and customer-centric environments to meet the demands of the modern market.

Acknowledgement

We are thankful to DCR's valued investors, the Securities and Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustees of DCR, the Property Manager and business partners for their continued cooperation and support. We also appreciate the effort put in by the management team.

For and on behalf of the Board

Muhammad Ejaz
Chief Executive
29 October, 2024
Karachi.

Arif Habib
Chairman



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Shariah Review Report

For the period ended on September 2024

Dolmen City REIT, a Shariah Compliant Real Estate Investment Trust (REIT), was launched in June 2015. This REIT is structured on the principles of Shirkah and Ijarah, which represent the foundations of its design. Under this structure, all unit holders collectively share ownership of the project, encompassing both The Harbor Front and Dolmen Mall Clifton. The distribution of dividends to unit holders is derived from the rental income generated. Both Shirkah and Ijarah adhere to the principles of Shariah, ensuring compliance with Islamic finance principles.

In our role as the Shariah Advisor, we have conducted a comprehensive review of the transactions executed throughout the period. It is my pleasure to confirm that all investment activities and matters pertaining to rentals adhere to Shariah principles.

Based on our assessment, we are pleased to state that the business operations of **Dolmen City REIT** have been consistently conducted in alignment with the rules and regulations of Shariah. Consequently, we can affirm that the income generated for the unit holders within this REIT is both HALAL and SHARIAH COMPLIANT.

We extend our gratitude to the Directors, Management of Arif Habib Dolmen REIT Management Company, the trustee, property manager, and all other stakeholders for their unwavering support and cooperation in ensuring the adherence to Shariah principles and our special thanks to all unit holders who invested in this REIT and showed full trust in this project.

May Allah bestow abundant rewards upon the management of the REIT for their dedicated services, and may He bless their endeavors with continued prosperity and sincerity. Ameen.

Mufti Muhammad Ibrahim Essa
C.E.O. & Director
Alhamd Shariah Advisory Services (Pvt.) Limited

Mufti Ubaid ur Rahman Zubairi
Director
Alhamd Shariah Advisory Services (Pvt.) Limited

28th October 2024



Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

شریعہ ریویو رپورٹ

برائے ستمبر ۲۰۲۴

ڈولمین سٹی REIT ایک شریعہ کمپلائنٹ REIT ہے، جو جون ۲۰۱۵ میں شروع ہوئی۔ ڈولمین REIT کی بنیاد شریعت اور اجارہ پر ہے، جس کے مطابق، تمام یونٹ ہولڈرز، پراجیکٹ (ہاربر فرنٹ اور ڈولمین مال، کلفٹن) کے شرکاء ہیں اور حاصل ہونے والا کرایہ ان شرکاء کے درمیان تقسیم کیا جاتا ہے۔ شرکت اور اجارہ دونوں عقود شریعت کے مطابق ہیں۔

ہم نے ڈولمین سٹی REIT کے معاملات کا شرعی نقطہ نگاہ سے جائزہ لیا، REIT کی آمدنی کا بنیادی ذریعہ کرایہ ہے، جو مختلف کرایہ داروں سے حاصل ہوتا ہے۔

ہماری رائے میں، ڈولمین سٹی REIT کے کاروباری معاملات مجموعی طور پر شرعی قواعد و ضوابط کے مطابق انجام دیے گئے ہیں، لہذا ہم اس بات کی تصدیق کرتے ہیں کہ اس REIT کی آمدنی حلال اور شریعت کے مطابق ہے۔

ہم ان تمام معاملات کو شریعت کے مطابق رکھنے میں، عارف حبیب ڈولمین REIT مینجمنٹ کمپنی، ٹرسٹی، پراپرٹی مینیجر اور دیگر تمام حصہ داروں کی حمایت اور تعاون کا شکریہ ادا کرتے ہیں، ساتھ ہی ساتھ ان یونٹ ہولڈرز کے بھی شکریہ گزار ہیں جنہوں نے اس REIT پر اعتماد کیا اور اس میں سرمایہ کاری کی ہے۔

آخر میں ہم ڈولمین سٹی REIT کی مزید ترقی اور خوشحالی کے لئے اپنی نیک خواہشات کا اظہار کرتے ہیں۔

مفتی عبید الرحمن زبیری

ڈائریکٹر

المحمد شریعہ ایڈوائزرز سروسز (پرائیویٹ) لمیٹڈ

مفتی محمد ابراہیم عیسیٰ

سی، ای، او، - ڈائریکٹر

المحمد شریعہ ایڈوائزرز سروسز (پرائیویٹ) لمیٹڈ

۲۸ اکتوبر ۲۰۲۴ء



Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com



FINANCIAL STATEMENTS

Dolmen City REIT
Condensed Interim Statement of Financial Position
As of September 30 2024

| | Note | Unaudited 30 September 2024 | Audited 30 June 2024 |
|------------------------------------------------------------------------------|------|-----------------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | | |
| ASSETS | | | |
| Non-current asset | | | |
| Investment property | 6 | 71,671,881 | 71,671,881 |
| Current assets | | | |
| Rent and marketing receivables | 7 | 139,820 | 99,100 |
| Prepayments, advances and deposits | 8 | 61,561 | 193,666 |
| Advance tax | 9 | 220,638 | 220,540 |
| Accrued profit on deposits | | 15,109 | 17,618 |
| Short-term investments | 10 | 142,500 | 61,544 |
| Bank balances | 11 | 1,789,738 | 1,790,620 |
| Total current assets | | 2,369,366 | 2,383,088 |
| Total assets | | 74,041,247 | 74,054,969 |
| UNIT HOLDERS' FUND AND LIABILITIES | | | |
| REPRESENTED BY: | | | |
| Unit holders' fund | | | |
| Issued, subscribed and paid up units (2,223,700,000 units of Rs. 10 each) | | 22,237,000 | 22,237,000 |
| Capital reserves | | 49,716,227 | 49,716,227 |
| Revenue reserve | | 124,950 | 1,235,775 |
| Total unit holders' fund | | 72,078,177 | 73,189,002 |
| Current liabilities | | | |
| Payable to REIT Management Company - <i>related party</i> | 12 | 3,035 | 40,197 |
| Security deposits | | 563,905 | 545,993 |
| Accrued expenses and other liabilities | 13 | 265,281 | 261,792 |
| Dividend Payable | 14 | 1,111,850 | - |
| Unclaimed dividend | | 18,999 | 17,985 |
| Total current liabilities | | 1,963,070 | 865,967 |
| Contingencies and commitments | | | |
| Total unit holders' fund and liabilities | 15 | 74,041,247 | 74,054,969 |
| ----- (Rupees) ----- | | | |
| Net asset value per unit | | 32.41 | 32.91 |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Dolmen City REIT
Condensed Interim Statement of Profit or Loss Account (Unaudited)
For the three months period 30 September 2024

| | Note | Three months period ended 30 September 2024 | 30 September 2023 |
|------------------------------------------------------------------------------|------|---------------------------------------------------|----------------------|
| ----- (Rupees in '000) ----- | | | |
| Revenue | | | |
| Rental income | | 1,286,261 | 1,200,241 |
| Marketing income | | 83,587 | 60,291 |
| | | 1,369,848 | 1,260,532 |
| Administrative and operating expenses | | | |
| | 16 | (304,922) | (166,467) |
| Net operating income | | 1,064,926 | 1,094,065 |
| Other income | | | |
| | 17 | 90,813 | 85,327 |
| | | 1,155,739 | 1,179,392 |
| Management fee | | | |
| Sindh sales tax on management fee | 12.1 | (31,948) | (32,822) |
| Trustee fee | 12.1 | (4,792) | (4,267) |
| Sindh sales tax on trustee fee | 13.1 | (5,325) | (5,470) |
| | 13.1 | (799) | (711) |
| | | (42,864) | (43,270) |
| Profit before change in fair value of investment property | | 1,112,875 | 1,136,122 |
| Unrealised gain on remeasurement of fair value of investment property | | | |
| | 6 | - | - |
| Profit before taxation | | 1,112,875 | 1,136,122 |
| Taxation | | | |
| | 18 | - | - |
| Profit for the period | | 1,112,875 | 1,136,122 |
| ----- (Rupees) ----- | | | |
| Earnings per unit - Distributable income | | 0.5005 | 0.5109 |
| Earnings per unit - Undistributable Income / Unrealised fair value gains | | - | - |
| Earnings per unit - Basic and diluted | 20 | 0.5005 | 0.5109 |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Dolmen City REIT
Condensed Interim Statement of Comprehensive Income (Unaudited)

For the three months period 30 September 2024

| | Three months period ended | |
|--------------------------------------------------|----------------------------------|--------------------------|
| | 30 September 2024 | 30 September 2023 |
| | (Rupees in '000) | |
| Profit for the period | 1,112,875 | 1,136,122 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 1,112,875 | 1,136,122 |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Dolmen City REIT
Condensed Interim Statement of Changes In Unit Holders' Fund (Unaudited)

For the three months period 30 September 2024

| | Issued, subscribed and paid up units | Reserves | | | Revenue reserve Unappropriated profit | Total unit holders' fund | |
|-----------------------------------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------|----------------------------------------|-----------------------------------|---------------------------------------------|--------------------------------|---------------|
| | | Capital reserves Premium on issue of units - net | Fair value reserve (note 19.1.1) | Total Reserve (Rupees in '000) | | | Total Reserve |
| | | | | | | | |
| Balance as at 1 July 2023 | 22,237,000 | 281,346 | 45,809,859 | 46,091,205 | 1,168,142 | 69,496,347 | |
| Transactions with owners | | | | | | | |
| Cash dividend for the period ended 30 June 2023 (Re. 0.50 per unit) | - | - | - | - | (1,111,850) | (1,111,850) | |
| | - | - | - | - | (1,111,850) | (1,111,850) | |
| Total comprehensive income for the three months period ended | - | - | - | - | 1,136,122 | 1,136,122 | |
| Reclassification adjustment relating to changes in fair value of investment property | - | - | - | - | - | - | |
| Balance as at 30 September 2023 | 22,237,000 | 281,346 | 45,809,859 | 46,091,205 | 1,192,414 | 69,520,619 | |
| Balance as at 1 July 2024 | 22,237,000 | 281,346 | 49,434,881 | 49,716,227 | 1,235,775 | 73,189,002 | |
| Transactions with owners | | | | | | | |
| Cash dividend for the period ended 30 June 2024 (Re. 0.50 per unit) | - | - | - | - | (1,111,850) | (1,111,850) | |
| Cash dividend for the period ended 30 September 2024 (Re. 0.50 per unit) | - | - | - | - | (1,111,850) | (1,111,850) | |
| | - | - | - | - | (2,223,700) | (2,223,700) | |
| Total comprehensive income for the three months period ended | - | - | - | - | 1,112,875 | 1,112,875 | |
| Reclassification adjustment relating to changes in fair value of investment property | - | - | - | - | - | - | |
| Balance as at 30 September 2024 | 22,237,000 | 281,346 | 49,434,881 | 49,716,227 | 124,950 | 72,078,177 | |

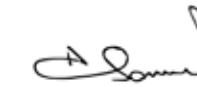
The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Dolmen City REIT
Condensed Interim Cash Flow Statement (Unaudited)

For the three months period 30 September 2024

| | Note | Three months period ended | |
|--------------------------------------------------------|------|---------------------------|--------------------|
| | | 30 September 2024 | 30 September 2023 |
| (Rupees in '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit for the period | | 1,112,875 | 1,136,122 |
| Adjustments for non cash items: | | | |
| Liability written back | 17 | (9,661) | - |
| Profit on bank deposits and TDRs | 17 | (81,152) | (85,327) |
| | | <u>1,022,062</u> | <u>1,050,795</u> |
| Working capital changes | | | |
| <i>(Increase) / decrease in current assets</i> | | | |
| Receivables | | (40,720) | (24,525) |
| Prepayments, advances and deposits | | 132,105 | (62,987) |
| | | <u>91,385</u> | <u>(87,512)</u> |
| <i>Increase / (decrease) in current liabilities</i> | | | |
| Payable to the REIT Management Company - related party | | (37,162) | (3,021) |
| Security deposits | | 17,912 | 9,578 |
| Accrued expenses and other liabilities | | 13,150 | 42,803 |
| | | <u>(6,100)</u> | <u>49,360</u> |
| Cash generated from operations | | <u>1,107,347</u> | <u>1,012,643</u> |
| Tax paid | | (98) | (2,645) |
| Net cash generated from operating activities | | <u>1,107,249</u> | <u>1,009,998</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Profit on deposits received | | 83,661 | 85,641 |
| Purchase of short-term investments - net of maturity | | - | - |
| Net cash generated from investing activities | | <u>83,661</u> | <u>85,641</u> |
| CASH FLOW FROM FINANCING ACTIVITY | | | |
| Dividend paid | | (1,110,836) | (1,110,585) |
| Net cash used in financing activity | | <u>(1,110,836)</u> | <u>(1,110,585)</u> |
| Net increase in cash and cash equivalents | | 80,074 | (14,946) |
| Cash and cash equivalents at beginning of the period | 21 | 1,852,164 | 1,831,446 |
| Cash and cash equivalents at end of the period | 21 | <u>1,932,238</u> | <u>1,816,500</u> |

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Dolmen City REIT
Notes to the Condensed Interim Financial information (Unaudited)

For the three months period 30 September 2024

1 STATUS AND NATURE OF BUSINESS

1.1 Dolmen City REIT ("the Scheme") was established under Trust Deed, dated 20 January 2015, executed between Arif Habib Dolmen REIT Management Limited (AHDRML), as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee. The Scheme is governed under the Real Estate Investment Trust Regulations, 2022 (REIT Regulations, 2022) (previously REIT Regulation, 2015), promulgated and amended from time to time by the Securities and Exchange Commission of Pakistan (SECP).

The Trust Deed of the Scheme was registered on 20 January 2015 whereas approval of the registration of the REIT Scheme has been granted by the SECP on 29 May 2015. The Scheme is a perpetual, closed-ended, shariah compliant rental REIT. The Scheme is listed on Pakistan Stock Exchange. On 29 November 2023, VIS Credit Rating Company Limited assigned rating "AAA(rr)" to the Scheme. Similarly, on 11 December 2023, VIS Credit Rating Company Limited assigned rating "AM2+" to RMC.

The registered office of the REIT Management Company is situated at Arif Habib Center, 23 M.T. Khan Road, Karachi. All of the activities undertaken by the Scheme including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principle of Shariah. The principle activity of the Scheme is to generate rental income through investment property and distribute the income to unitholders through dividends.

1.2 The Scheme commenced its commercial activities on 01 June 2015. The Scheme was the subsidiary of International Complex Projects Limited (ICPL) directly holding 75% of the units. The Board of Directors of the ICPL in its meeting held on 22 April 2021 approved the Scheme of arrangement for re-organization / re-arrangement of the Dolmen Group comprising restructuring of ICPL. The arrangement became effective on 01 July 2021 as sanctioned by the Honorable High Court of Sindh vide its Order dated 03 November 2021. Consequently, units held by ICPL were transferred to its associated undertakings i.e. Dolmen (Private) Limited and Al-Feroz (Private) Limited, as envisaged in the said Scheme of arrangement in equal proportion.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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 as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard IAS 34 "Interim Financial Reporting" issued by International Accounting Standards Board (IASB) as 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, 2022).

Where the provision of and directives issued under the Companies Act, 2017, Part VIIIA of the repealed Companies Ordinance 1984 and REIT Regulations, 2022 differs from IAS 34, the provisions of and directives issued under the Companies Act, 2017 and REIT Regulations, 2022 have been followed.

2.1.1 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Scheme for the year ended 30 June 2024. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in the Schemes' financial position and performance since the last annual financial statements.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the 'historical cost convention' except for investment property which has been measured at fair value.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Scheme's functional and presentation currency. All figures have been rounded off to nearest thousand of rupees unless, otherwise stated.

2.4 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2024:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which an entity must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the entity must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, entities will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for entities that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).
- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for an entity to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, and the entity's exposure to liquidity risk. Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors an entity might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how an entity estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable
- the spot exchange rate used;
- the estimation process; and
- risks to the entity because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted. Earlier application is permitted.

The above standards, interpretations and amendments are not likely to have a significant impact on Scheme's condensed interim financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 30 June 2024.

4 USE OF ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Scheme's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statements, the significant judgements made by the management in applying the Scheme's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Scheme for the year ended 30 June 2024.

5 FINANCIAL RISK MANAGEMENT

The Scheme's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended 30 June 2024.

6 INVESTMENT PROPERTY

| | Note | Unaudited 30 September 2024 | Audited 30 June 2024 |
|----------------------------------------------------------------------------|------|-----------------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | | |
| Carrying amount at beginning of the period/year | | 71,671,881 | 68,046,859 |
| Add: Unrealised gain on remeasurement of fair value of investment property | | - | 3,625,022 |
| Carrying amount at end of the period/year | 6.1 | <u>71,671,881</u> | <u>71,671,881</u> |

6.1 The investment property comprises of the buildings on leasehold land named as the "DOLMEN CITY MALL" and "THE HARBOUR FRONT", comprising of two basements (460,438 square feet), ground floor (241,052 square feet), mezzanine floor (19,879 square feet), first floor (275,399 square feet), second floor (272,972 square feet), plant and transformer rooms (27,667 square feet), third to twentieth floors (270,271 square feet) having a total covered area of 1,567,678 square feet with 15,201.68 square yards undivided share in the plot bearing No. HC-3, Block 4, KDA, Scheme 5, Marine Drive, Karachi.

Rental income and marketing income earned from investment property for the year ended 30 June 2024 amounted to Rs. 4,855 million and Rs. 304 million (2023: Rs. 4,319 million and Rs. 258 million) respectively.

The investment property has been valued by MYK Associates ("the Valuer") as at 31 December 2023 and 30 June 2024 who is an independent valuer. The Valuer is enlisted with Pakistan Bank's Association and Pakistan Engineering Council and have recent experience in the location and category of the property being valued. The Valuer used the following approaches:

| | Note | Audited 30 June 2024 | Audited 30 June 2023 |
|-----------------------------------------------------------------------------------------------------------------------|------|----------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | | |
| Cost approach | | 44,445,693 | 43,597,876 |
| Sales comparison approach | | 87,683,688 | 82,392,388 |
| Income capitalisation approach - using capitalisation rate of 6.37% (30 June 2023: 6%) | | | |
| (a) Valuer's assessment of rental income | | 69,927,486 | 66,751,153 |
| (b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area | | 71,671,881 | 68,046,859 |

The valuer in its valuation report has stated that out of three approaches "income capitalisation approach" is the most appropriate approach used for income producing properties i.e. rental properties. The valuer has determined two values under income capitalisation approach as stated above, however recommended that the valuation on the projected NOI of following year based on existing rental agreements and expected rent for the vacant area is most appropriate for the Scheme. Accordingly, investment property has been valued in these financial statements under income capitalisation approach using 6.37% capitalisation rate on projected NOI based on the existing rental agreements and expected rent for the vacant area. During the year, the management in consultation with its valuer evaluated the capitalisation rate and accordingly revised the same to 6.37% (2023: 6%) by adjusting the capitalisation rate of 5.21% (2023: 4.96%) (based on sales comparison approach) to incorporate the average buffer rate of 1.16% for the last 3 years to arrive at the capitalisation rate of 6.37%.

The forced sales value of the investment property is assessed to be Rs. 70,147 million (30 June 2023: Rs. 65,914 million).

Fair value hierarchy

The details of the investment property and information about its fair value hierarchy as at the end the period are as follows:

The fair value measurement for the investment property has been categorized within Level 3 fair value hierarchy which is considered as highest and best use of investment property. The fair value has been carried out considering following inputs:

| | Level 3 | Fair value as at 30 June 2024 |
|--------------------------------------------------|-------------------|-------------------------------------|
| ----- (Rupees in '000) ----- | | |
| Dolmen Mall Clifton and The Harbour Front | 71,671,881 | 71,671,881 |

| | Level 3 | Fair value as at 30 June 2023 |
|-------------------------------------------|------------|----------------------------------|
| ----- (Rupees in '000) ----- | | |
| Dolmen Mall Clifton and The Harbour Front | 68,046,859 | 68,046,859 |

Significant unobservable inputs

The fair value has been carried out considering following inputs:

| | 2024 | 2023 |
|-------------------------------------|------------------|------------------|
| ----- (Rupees in '000) ----- | | |
| Projected income | 5,710,340 | 5,028,376 |
| Projected operating cost | (1,144,841) | (945,565) |
| Projected NOI of the following year | <u>4,565,499</u> | <u>4,082,811</u> |
| ----- (Percentage) ----- | | |
| Capitalisation rate | 6.37% | 6% |

Sensitivity analysis

Change in each of the below significant unobservable input would have effect on fair value of investment property as shown below. The analysis assumes that all other variables remain constant and is performed on the same basis as for annual financial stat for the year ended 30 June 2023.

| | Change in input | Effect on fair value | |
|----------------------------------------------------------|--------------------|----------------------|-------------|
| | | 2024 | 2023 |
| ----- (Rupees in '000) ----- | | | |
| - Projected income (based on existing leasing contracts) | + 5% | 4,482,214 | 4,190,314 |
| - Projected income (based on existing leasing contracts) | - 5% | (4,482,214) | (4,190,314) |
| - Projected operating costs | + 5% | (898,620) | (787,971) |
| - Projected operating costs | - 5% | 898,620 | 787,971 |
| - Capitalization rate | + 1% | (9,724,814) | (9,720,978) |
| - Capitalization rate | - 1% | 13,346,719 | 13,609,369 |

7 RECEIVABLES

| | Unaudited 30 September 2024 | Audited 30 June 2024 |
|--------------------------------|-----------------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | |
| Rent and marketing receivables | 192,589 | 157,060 |
| Receivable from related party | 7,772 | 2,581 |
| | <u>200,361</u> | <u>159,641</u> |
| Less: impairment allowance | (60,541) | (60,541) |
| | <u>139,820</u> | <u>99,100</u> |

| 8 | PREPAYMENTS, ADVANCES AND DEPOSITS | | Unaudited 31 September 2024 | Audited 30 June 2024 |
|---|-------------------------------------------|-----|--------------------------------------------|-------------------------------------|
| | Advances | | | |
| | Advances to vendors | | - | 103,685 |
| | Advance to Central Depository Company | 8.1 | <u>13,339</u> | <u>12,325</u> |
| | | | 13,339 | 116,010 |
| | Security deposits | | <u>1,140</u> | <u>1,140</u> |
| | Prepayments | | <u>47,082</u> | <u>-</u> |
| | Others | 8.2 | <u>-</u> | <u>76,516</u> |
| | | | 48,222 | 77,656 |
| | <i>Considered good</i> | | <u>61,561</u> | <u>193,666</u> |

8.1 This represents advance to CDC for processing of unclaimed dividend

8.2 This represents amount deducted by the bank during the year for investment in term deposit (TDR) which was booked by the bank subsequently in the month of July 2024.

| 9 | ADVANCE TAX | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|---|--------------------------|------|--------------------------------------------|-------------------------------------|
| | | Note | | |
| | | | (Rupees in '000) | (Rupees in '000) |
| | Advance tax | 9.1 | <u>225,366</u> | <u>225,268</u> |
| | Provision for impairment | 9.2 | <u>(4,728)</u> | <u>(4,728)</u> |
| | | | 220,638 | 220,540 |

9.1 This pertains to tax deducted by tenants due to unavailability of tax exemption certificate at the time of payment of rental and marketing invoices raised by the Scheme.

9.2 This represents advance tax deducted by delinquent tenants whose outstanding balance were fully provided in prior years.

| 10 | SHORT-TERM INVESTMENTS | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|----|------------------------------------------------|------|--------------------------------------------|-------------------------------------|
| | | Note | | |
| | | | (Rupees in '000) | (Rupees in '000) |
| | At amortized cost | | | |
| | Term deposit receipts having original maturity | | | |
| | - less than three months | | <u>142,500</u> | <u>61,544</u> |
| | - more than three months | 10.1 | <u>-</u> | <u>-</u> |
| | | | 142,500 | 61,544 |

10.1 This represents term deposit receipts (TDRs) with Askari Bank Limited, carrying expected profit rates 14.5% (30 June 2024: 17.5%) per annum with maturities up to 30 October 2024.

| 11 | BANK BALANCES | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|----|----------------------|------|--------------------------------------------|-------------------------------------|
| | | Note | | |
| | | | (Rupees in '000) | (Rupees in '000) |
| | Saving accounts | 11.1 | <u>1,789,738</u> | <u>1,790,620</u> |

11.1 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 7.5% to 16% (30 June 2024: 7.5% to 20.0%) per annum.

| 12 | PAYABLE TO REIT MANAGEMENT COMPANY - related party | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|----|-----------------------------------------------------------|------|--------------------------------------------|-------------------------------------|
| | | Note | | |
| | | | (Rupees in '000) | (Rupees in '000) |
| | Management fee payable | | - | 34,116 |
| | Sindh sales tax on management fee | | - | 6,081 |
| | Other payable | 12.1 | <u>3,035</u> | <u>-</u> |
| | | | 3,035 | 40,197 |

12.1 Under the provisions of REIT Regulations, 2022 (previously REIT Regulations, 2015), RMC is entitled to a management fee as stated in the Offering Document and Information Memorandum. The Management Company charges fee at the rate of 3% of Net Operating Income (NOI) of the Scheme as per the Business Plan. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax on the management fee of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable sales tax rate is 15% being effective from 1 July 2024.

| 13 | ACCRUED EXPENSES AND OTHER LIABILITIES | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|----|-----------------------------------------------|------|--------------------------------------------|-------------------------------------|
| | | Note | | |
| | | | (Rupees in '000) | (Rupees in '000) |
| | Unearned rental income | | <u>112,604</u> | <u>126,254</u> |
| | Trustee fee | 13.1 | <u>6,069</u> | <u>6,252</u> |
| | Payable to associated undertakings | 13.2 | <u>35,317</u> | <u>43,765</u> |
| | Accrued expenses | | <u>56,654</u> | <u>39,603</u> |
| | Federal excise duty | 13.3 | <u>11,980</u> | <u>11,980</u> |
| | Monitoring fee payable to SECP | | <u>27,796</u> | <u>22,237</u> |
| | Sales tax and withholding income tax payable | | <u>5,263</u> | <u>8,132</u> |
| | Shariah advisory fee | | <u>188</u> | <u>124</u> |
| | Takaful payable | | <u>-</u> | <u>1,227</u> |
| | Property Tax | | <u>4,187</u> | <u>-</u> |
| | Other liabilities | | <u>5,223</u> | <u>2,218</u> |
| | | | 265,281 | 261,792 |

13.1 Under the provisions of REIT Regulations, 2022 (previously REIT Regulations, 2015), the Trustee is entitled to an annual fee for services rendered, payable on quarterly basis in arrears. Accordingly, the Trustee charged an annual fee at a rate of 0.5% (30 June 2024: 0.5%) of the NOI. The Sindh Government has levied Sindh Sales Tax on the trustee fee through Sindh Sales Tax on Services Act 2011, effective from 01 July 2015. The current applicable rate is 15% being effective from 1 July 2024.

| 13.2 | Payable to associated undertakings | | Unaudited 30 September 2024 | Audited 30 June 2024 |
|------|---------------------------------------------------|--|--------------------------------------------|-------------------------------------|
| | | | (Rupees in '000) | (Rupees in '000) |
| | - Dolmen Real Estate Management (Private) Limited | | <u>35,237</u> | <u>43,685</u> |
| | - Al-Feroz (Private) Limited | | <u>40</u> | <u>40</u> |
| | - Dolmen (Private) Limited | | <u>40</u> | <u>40</u> |
| | | | 35,317 | 43,765 |

13.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the fee of the RMC has been applied. The RMC is of the view that since the management fee is already subject to provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law.

The Honorable Sindh High Court (SHC) through its order dated 2 June 2016, in CPD-3184 of 2014 (and others) filed by various taxpayers, has inter alia declared that Federal Excise Act, 2005 (FED Act) on services, other than shipping agents and related services, is ultra vires to the Constitution from 01 July 2011. However, the declaration made by the SHC, as directed, will have effect in the manner prescribed in the judgment. Subsequently, the SHC in its decision dated 30 June 2016 on CP No. D-3547 of 2013 in respect of constitutional petition filed by management companies of mutual funds maintained the aforesaid order on the FED.

The Sindh Revenue Board (SRB) and the Federal Board of Revenue (FBR) have filed appeals before Supreme Court of Pakistan (SC) against the SHC's decision dated 02 June 2016, which is pending for decision. With effect from 01 July 2016, FED on services provided or rendered by Non-Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by Finance Act, 2016. Therefore, the Scheme has discontinued making the provision in this regard. As a matter of abundant caution, without prejudice to the above, an accumulated provision of Rs. 11.98 million (30 June 2024: 11.98 million) has been maintained in the Scheme's Financial Statements.

14 **Dividend Payable**
The Board of director in meeting held on September 13, 2024 declared interim dividend of Re. 0.5 per unit i.e. 5.0%. Dividend was subsequently credited into the designated bank accounts of unit-holders on October 09, 2024.

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2024 and 30 June 2024.

16 ADMINISTRATIVE AND OPERATING EXPENSES

| Note | Unaudited | |
|----------------------------------|------------------------------|-------------------|
| | Three months period ended | |
| | 30 September 2024 | 30 September 2023 |
| | ----- (Rupees in '000) ----- | |
| Property management fee | 81,860 | 74,282 |
| Renovation expense | 148,083 | 25,421 |
| Marketing expenses | 13,532 | 16,890 |
| Takaful fee | 15,263 | 17,141 |
| Ancillary income collection fee | 15,032 | 8,535 |
| Common area maintenance charges | 6,726 | 8,218 |
| SECP monitoring fee | 5,559 | 5,559 |
| Property and advertisement taxes | 4,314 | 4,361 |
| Legal and professional charges | 7,323 | 3,394 |
| Auditor's remuneration | 1,800 | 1,286 |
| Utility expenses | 690 | 249 |
| Shariah advisory fee | 63 | 62 |
| Others | 4,677 | 1,069 |
| | 304,922 | 166,467 |

17 OTHER INCOME

| | Unaudited | |
|----------------------------------|------------------------------|-------------------|
| | Three months period ended | |
| | 30 September 2024 | 30 September 2023 |
| | ----- (Rupees in '000) ----- | |
| Profit on bank deposits and TDRs | 81,152 | 85,327 |
| Liability written back | 9,661 | - |
| | 90,813 | 85,327 |

18 TAXATION

The Scheme's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account.

The Board of Directors of the RMC intends to distribute more than 90% of the Scheme's accounting income for the year ending 30 June 2024 as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash to avail the exemption. Accordingly, no tax provision has been made in these interim financial statements for the period ended 30 September 2024.

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include Arif Habib Dolmen REIT Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee to the Scheme, Dolmen Real Estate Management (Private) Limited, being Property Manager and connected person, associated companies, directors and key executives of the RMC, trustee and promoter of RMC including their close relatives.

Transactions with related parties are in the normal course of business, at agreed terms.

There are no related parties incorporated outside Pakistan with whom the Scheme 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 financial statements are as follows:

19.1 Transactions during the period:

| Name of the related party | Relationship and percentage unitholding | Transactions during the period | Unaudited | |
|-------------------------------------------------|-----------------------------------------|--------------------------------------------------------------|------------------------------|-------------------|
| | | | 30 September 2024 | 30 September 2023 |
| | | | ----- (Rupees in '000) ----- | |
| Dolmen Real Estate Management (Private) Limited | Property Manager | - Common area maintenance charges | 6,726 | 8,218 |
| | | - Common area maintenance paid | 6,667 | 5,487 |
| | | - Expenses incurred on behalf of the Scheme | 27 | 1,039 |
| | | - Reimbursement of expenses incurred on behalf of the Scheme | 233 | 1,000 |
| | | - Property management fee | 96,892 | 86,048 |
| | | - Property management fee paid | 95,737 | 84,275 |
| Retail Avenue (Private) Limited | Common directorship | - Rental and marketing income | 4,292 | 3,647 |
| | | - Rental received | 4,292 | 3,671 |
| Al-Feroz (Private) Limited | Associated company holding 37.5% units | - Rental income | 8,516 | 7,742 |
| | | - Rental received | 8,516 | 7,742 |
| | | - Dividend paid | 416,944 | 416,944 |
| Dolmen (Private) Limited | Associated company holding 37.5% units | - Rental income | 8,516 | 7,742 |
| | | - Rental received | 11,097 | 12,435 |
| | | - Dividend paid | 416,944 | 416,944 |
| Sindbad Wonderland (Private) Limited | Common directorship | - Rental and marketing income | 23,316 | 21,196 |
| | | - Amount received | 15,544 | 21,196 |
| Arif Habib Dolmen REIT Management Limited | Management Company | - Expenses incurred on behalf of the Scheme | 3,035 | 1,239 |
| | | - Reimbursement of expenses incurred on behalf of the Scheme | - | 1,240 |
| | | - Management fee | 36,740 | 37,089 |
| | | - Management fee paid | 76,740 | 32,637 |
| Central Depository Company of Pakistan Limited | Trustee | - Trustee fee | 6,124 | 6,181 |
| | | - Trustee paid | 6,306 | - |

19.2 Balances outstanding at the period / year end:

| Name of the related party | Relationship and percentage shareholding | Period / year end balances | Unaudited | Audited |
|-------------------------------------------------|------------------------------------------|---------------------------------------------------------------------------|------------------------------|--------------|
| | | | 30 September 2024 | 30 June 2024 |
| | | | ----- (Rupees in '000) ----- | |
| Dolmen Real Estate Management (Private) Limited | Property Manager | - Common area maintenance charges | 2,642 | 2,583 |
| | | - Expenses payable incurred on behalf of the Scheme | 1,500 | 1,706 |
| | | - Payable of withheld security deposit of tenants | 1,016 | 458 |
| | | - Property management fee payable | 32,595 | 41,102 |
| Al-Feroz (Private) Limited | Associated company holding 37.5% units | - Rent receivable | - | - |
| | | - Net payable in respect of purchase consideration of investment property | - | - |
| | | - Payable against purchase of equipment for maintenance | 40 | 40 |
| Dolmen (Private) Limited | Associated company holding 37.5% units | - Rent receivable | - | 2,581 |
| | | - Net payable in respect of purchase consideration of investment property | - | - |
| | | - Payable against purchase of equipment for maintenance | 40 | 40 |
| Retail Avenue (Private) Limited | Common directorship | - Rent and marketing receivable | - | - |
| Sindbad Wonderland (Private) Limited | Common directorship | - Rent and marketing receivable | 7,772 | - |
| Arif Habib Dolmen REIT Management Limited | Management Company | - Expenses payable incurred on behalf of the Scheme | 3,035 | - |
| | | - Management fee payable | - | 40,197 |
| Central Depository Company of Pakistan Limited | Trustee | - Trustee fee payable | 6,069 | 6,252 |

20 EARNINGS PER UNIT - BASIC AND DILUTED

| Note | Unaudited | |
|-------------------------------------------------------------|-------------------------------|-------------------|
| | Three months period ended | |
| | 30 September 2024 | 30 September 2023 |
| | ----- (Rupees in '000) ----- | |
| Profit for the period | 1,112,875 | 1,136,122 |
| | ----- (Number of Units) ----- | |
| Weighted average number of ordinary units during the period | 2,223,700,000 | 2,223,700,000 |
| | ----- (Rupees) ----- | |

Earnings per unit - Basic and diluted

| | | |
|------|--------|--------|
| 20.1 | 0.5005 | 0.5109 |
|------|--------|--------|

20.1 Earnings per unit comprises as follows:

Distributable income - earnings per unit
Undistributable unrealised fair value gains - earnings per unit

| | | |
|--------|--------|--------|
| | 0.5005 | 0.5109 |
| 19.1.1 | 0.5005 | 0.5109 |

19.1.1 Under the provisions of Trust Deed, the amount available for distribution shall be total of income and realised gain net off expenses. Accordingly, unrealised fair value gain is not

21 CASH AND CASH EQUIVALENTS

| Note | Unaudited | Audited |
|------------------------|------------------------------|------------------|
| | 30 September 2024 | 30 June 2024 |
| | ----- (Rupees in '000) ----- | |
| Short-term investments | 142,500 | 61,544 |
| Bank balances | 1,789,738 | 1,790,620 |
| | <u>1,932,238</u> | <u>1,852,164</u> |

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

When measuring the fair value of an asset or a liability, the Scheme 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 assets or liabilities, either directly or indirectly.

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

22.1 The fair value of all the financials assets and liabilities at the reporting date approximate to their carrying value.

Fair value of the investment property is shown under note no. 6.

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the REIT Management Company on October 29, 2024.


Chief Financial Officer


Chief Executive Officer


Director

