

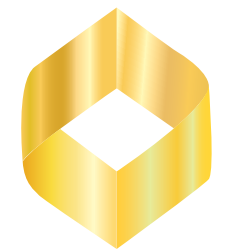
ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED

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Dolmen City REIT

# Leading the Direction to **Growth**

Annual Report 2020



ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED

# About REITs

A Real Estate Investment Trust (REIT) is an entity that professionally manages a pool of money from individuals and institutions to buy developed properties for rent, or to develop real estate and sell or rent it. The proceeds from rent or sale of the property are distributed to the unit holders.

## REITs In Pakistan

REIT Regulatory Framework in Pakistan was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, subsequently replaced by REIT Regulations 2015 as amended in 2018. These regulations are comprehensive with the principal focus on the protection of investors' interests. A "REIT Scheme" is a listed, closed-end fund registered under Real Estate Investment Trust Regulations 2018. The three types of REIT schemes in Pakistan are:

**Developmental REIT:** A Developmental REIT Scheme invests in the development of real estate for Industrial, Commercial or Residential purposes through construction or refurbishment.

**Rental REIT:** A Rental REIT Scheme invests in Commercial or Residential real estate to generate rental income.

**Hybrid REIT:** A REIT Scheme having both; a component for rent and for development.

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# Scheme's Information

## Management Company

Arif Habib Dolmen REIT Management Limited

## Board of Directors

|                          |                         |
|--------------------------|-------------------------|
| Mr. Nasim Beg            | Chairman                |
| Mr. Nadeem Riaz          | Director                |
| Mr. Qamar Hussain        | Independent Director    |
| Mr. Naeem Ilyas          | Independent Director    |
| Ms. Tayyaba Rasheed      | Independent Director    |
| Mr. Abdus Samad A. Habib | Director                |
| Mr. Faisal Nadeem        | Director                |
| Mr. Sajidullah Sheikh    | Director                |
| Mr. Muhammad Ejaz        | Chief Executive Officer |

## Audit Committee

|                          |          |
|--------------------------|----------|
| Mr. Qamar Hussain        | Chairman |
| Mr. Abdus Samad A. Habib | Member   |
| Mr. Naeem Ilyas          | Member   |

## Human Resource & Remuneration Committee

|                          |             |
|--------------------------|-------------|
| Ms. Tayyaba Rasheed      | Chairperson |
| Mr. Abdus Samad A. Habib | Member      |
| Mr. Faisal Nadeem        | Member      |
| Mr. Muhammad Ejaz        | Member      |

## Other Executives

|                   |                                     |
|-------------------|-------------------------------------|
| Mr. Zohaib Yaqoob | CFO & Company Secretary             |
| Mr. Muneer Gader  | 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



## External Auditors

Yousuf Adil & Co.  
Chartered Accountants  
Cavish Court A-35, Block  
7 & 8, K.C.H.S.U,  
Shahrah-e-Faisal, Karachi.

## Internal Auditors

Junaidy Shoaib Asad & Co.  
Chartered Accountants  
1/6-P, P.E.C.H.S., Mohtrama Laeeq Begum Road,  
Off Shahrah-e-Faisal, Karachi.

## Legal Advisor

Mohsin Tayebaly & Co.  
Corporate Legal Consultants  
1st Floor, Dime Centre, BC-4 Block 9,  
Kehkashan, Clifton, Karachi.

## Property Manager

Dolmen Real Estate Management (Private) Limited

## Property Valuer

Tristar International Consultant (Pvt.) Limited

## Shariah Advisor

Alhamd Shariah Advisory Services (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.

# Board of Directors' Profile

## Mr. Nasim Beg Chairman

Mr. Nasim Beg is the Chief Executive Officer of Arif Habib Consultancy (Pvt.) Limited, along with being the Vice Chairman of MCB-Arif Habib Savings & Investments Limited, an Asset Management Company that was conceived and set up by him and which he headed as Chief Executive till June 2011.

He qualified as a Chartered Accountant in 1970 and over the decades has had experience in the business world, including manufacturing, as well as in financial services, within and outside the country. Before joining the Arif Habib Group, Mr. Beg served as the Deputy Chief Executive of the National Investment Trust, which he joined during its troubled period and played an instrumental role in its modernisation and turn around. He also served as the acting Chief Executive of NIT for a few months. He has also been associated at top-level positions with other asset management and investment advisory companies.

Mr. Beg has also held senior level responsibilities in the automobile industry. During his tenure as the Chief Executive of Allied Precision (a subsidiary of the Allied Engineering Group), he set up a green field project for the manufacture of sophisticated indigenous components for the automotive industry under transfer of technology licenses with Japanese and European manufacturers.

His initiation to the financial services business was with the Abu Dubai Investment Company, UAE, where he was a part of the team that set up the company in 1977. He was the founding Chairman of the Institute of Financial Markets of Pakistan, which was sponsored by the Securities & Exchange Commission of Pakistan (SECP). He has served on several committees set up by the SECP for developing the Capital Markets, including the one that authored the Voluntary Pension System. He has also held the Chairmanship of the Mutual Funds Association of Pakistan. In addition, he has also been a member of the Prime Minister's Economic Advisory Council (EAC).

### Corporate Responsibilities

Arif Habib Consultancy (Private) Limited (Chief Executive)

### As Director

Arif Habib Corporation Limited  
Aisha Steel Mills Limited  
MCB-Arif Habib Savings & Investment Limited (Vice Chairman)  
Pakarab Fertilizer Limited  
Pakistan Opportunities Limited (Vice Chairman)  
Power Cement Limited (Chairman)

## Mr. Nadeem Riaz Non-Executive Director

Mr. Nadeem Riaz has experience of over 31 years in the real estate market developing and managing renowned and award winning residential, commercial and retail projects. He is a pioneer in developing international standard shopping malls in Pakistan transforming the dynamics of the retail industry.

Mr. Riaz is a member of both International Council of Shopping Centers (ICSC) and Middle East Council of Shopping Centers (MECSC), since 2002.

### Corporate Responsibilities

International Complex Projects Limited (Chief Executive Officer)

### As Director

Al Feroz (Private) Limited  
Dolmen (Private) Limited  
Retail Avenue (Private) Limited  
Sindbad Wonderland (Private) Limited  
Dolmen Real Estate Management (Private) Limited  
Grove (Private) Limited  
DHA Dolmen Lahore (Private) Limited

## Mr. Qamar Hussain Independent Director

Mr. Qamar Hussain is a seasoned banker. Mr. Hussain started his banking career with Bank of America N.T. & S.A., Pakistan in 1981. He has worked with American Express Bank Limited as Senior Director Global Credit, New York and earlier as Senior Director Country Manager, Bangladesh. He had also been associated with the Chase Manhattan Bank in Pakistan and USA. He has also served as the President of National Bank of Pakistan (NBP).

Mr. Hussain holds an MBA degree in International Business & Finance from McGill University, Montreal, Canada and has undergone extensive training in business leadership.

### Corporate Responsibilities

#### As Director

SWSA (Private) Limited  
GMG Travels (Private) Limited  
GMG Holidays and Tours (Private) Limited

## Mr. Naeem Ilyas Independent Director

Mr. Naeem Ilyas, an independent director, having over 25 years of Strategic cum Operational level combined experience. He has served in senior positions across corporates including FMCG (Shield Corporation Ltd), Pharmaceuticals (PharmEvo Pvt Limited), Polymer Process Industry (Novatex Limited) & Building Design Consultancy (Fahim, Nanji & deSouza Engineering Co.).

Mr. Ilyas is a PEC Registered Professional Electrical Engineer having MBA, LLB, MA(Eco), PGD(NILAT) degrees/diplomas and has specialization in Operations Management from LUMS / McGill. He has been instrumental in bringing about organizational and cultural changes in the organizations he has served. He is also serving as a Board member in a leading NGO (HANDS) and has also served as Founder Chairman PQATI (BQATI), Vice Chairman LATI, Chairman EFP-NICC Forum, Managing Trustee of MPF Educational Trust and Secretary General of Memon Professional Forum.

He during his academics received President Talent Farming Scholarship and IAESTE Student Exchange Trainings in Central Asian States. He has professional hands on experience and trainings in Canada, Japan, Germany, China and Middle East.

### Corporate Responsibilities

#### As Director

Easy Health Tech Int'l (Private) Limited  
Magna Engineering (Private) Limited  
Fahim, Nanji & Desouza (Private) Limited  
Parents Pakistan (SMC - Private) Limited

## Ms. Tayyaba Rasheed Independent Director

Tayyaba Rasheed CFA, FRM is Head of Investment Banking Group at a large commercial bank. She is highly qualified with more than 17 years of diversified corporate and investment banking experience, a proven successful career in Investment Banking, Corporate Banking and Corporate Finance with profound skills in Structured Financing, Infrastructure Advisory, Capital Markets and Islamic Finance. She is a well-known corporate and investment banker and is focused on delivering results across the board. She has got diversified experience and has an in depth understanding of various sectors of the economy. She has worked in senior position at CIBG NBP and Bank Alfalah where she started her career as Management Trainee Officer.

She holds an MBA degree from IBA and is a CFA, FRM charter holder. She holds JAIBP to her credit from Institute of Bankers Pakistan. She successfully completed NIBAF certification and underwent a thorough Islamic Finance training programme. She has also completed the Directors Training Programme and is a certified Independent Director.

### Corporate Responsibilities

#### As Director

Aisha Steel Mills Limited  
DHA Cogen Limited  
Unity Foods Limited

## Mr. Abdus Samad A. Habib Non-Executive Director

Starting off with a career at Arif Habib Corporation Limited; Samad built up his experience in sales, marketing and corporate activities working his way up through various executive positions. Joining Arif Habib Limited in 2004, he led the company as Chairman and Chief Executive playing a key role in the strategic direction of the company where he specialized in capital market operations and corporate finance building achieving a range of significant IPOs and private placements.

In 2011 he moved to Javedan Corporation Limited as a part of the driving force behind the transformation of the dilapidated cement plant to a living community. At Naya Nazimabad, Samad Habib has contributed to making a positive impact on society providing a quality lifestyle to the middle class of the city. His dedication and optimism is set to further transform the area with the largest commercial precinct development in the city presently under planning.

### Corporate Responsibilities

Javedan Corporation Limited (Chief Executive)

### As Director

Arif Habib Corporation Limited  
MCB-Arif Habib Savings & Investment Limited  
Power Cement Limited  
Safemix Concrete Limited  
Arif Habib Equity (Private) Limited  
Arif Habib Foundation  
Arif Habib Real Estate Services (Private) Limited  
Black Gold Power Limited  
Nooriabad Spinning Mills (Private) Limited  
Pakarab Fertilizer Limited  
Pakistan Opportunities Limited  
REMMCO Builders & Developers Limited  
Rotocast Engineering Company (Private) Limited  
Sukh Chayn Gardens (Private) Limited  
Essa Textile and Commodities (Private) Limited  
Parkview Corporation (Private) Limited  
Sweetwater Dairies Pakistan (Private) Limited  
AH Aviation (Private) Limited  
International Complex Projects Limited

## Mr. Faisal Nadeem Non-Executive Director

Mr. Faisal is a director at the Dolmen Group, one of Pakistan's leading real estate organizations. He has been involved in the development, marketing and management of prime commercial and retail real estate projects including Dolmen Mall Clifton.

Mr. Faisal started career as Manager Special Projects associated with the development of Dolmen Mall Tariq Road, Dolmen Mall Hyderi, Dolmen Food Courts, The Harbour Front Office Tower and Dolmen Mall Clifton.

He later served in the capacity of Director Leasing, for the Dolmen property portfolio. He is currently serving as the Chief Operating Officer at Dolmen Real Estate Management (Pvt.) Limited, which manages over 2 million square feet of prime retail and commercial space.

### Corporate Responsibilities

Dolmen Real Estate Management (Private) Limited (Chief Operating Officer)

### As Director

International Complex Projects Limited  
Sindbad Wonderland (Private) Limited  
Grove (Private) Limited  
Retail Avenue (Private) Limited  
DHA Dolmen Lahore (Private) Limited

## Mr. Sajidullah Sheikh Non-Executive Director

Mr. Sajid Ullah Sheikh is a Fellow member of Institute of Chartered Accountants of Pakistan. His association with Dolmen Group started spans over 9 years and is currently the Group CFO at the Dolmen Group. He started his career with KPMG Taseer Hadi and Co. later joining Avery Dennison Pakistan before associating with Dolmen Group.

### Corporate Responsibilities

Group CFO - Dolmen Group

### As Director

Grove (Private) Limited  
DHA Dolmen Lahore (Private) Limited

## Mr. Muhammad Ejaz Chief Executive

Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, which has successfully launched South Asia's first listed REIT fund. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. He has spear headed several group projects when these were at a critical stage during their execution.

Prior to joining Arif Habib Group, Ejaz has served at senior positions with both local and international banks. He was the Treasurer of Emirates NBD bank in Pakistan and served Faysal Bank Pakistan as Regional Head of Corporate Banking group. He also served Saudi-Pak bank (now Silkbank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemical and American Express bank.

Mr. Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi where he is a regular visiting faculty member. He has also conducted programs at NIBAF-SBP and IBP. He is a Certified Director and also a Certified Financial Risk Manager.

He actively participates in the group's CSR initiatives especially those which render services in the fields of health and education with emphasis on female literacy.

### Corporate Responsibilities

### As Director

Arif Habib Corporation Limited  
Aisha Steel Mills Limited  
Arif Habib Real Estate Services (Private) Limited  
Javedan Corporation Limited  
REMMCO Builders & Developers Limited  
Sachal Energy Development (Private) Limited  
Chanda Oil and Gas Securitization Company Limited



Scaling heights  
to achieve  
**perspective**

Chairman's **Review**

# Chairman's Review

## Dear Unitholders of Dolmen City REIT

**The Board of Directors Arif Habib Dolmen REIT Management Limited, the REIT Management Company (RMC), have issued a separate report on the performance and the future outlook of Dolmen City REIT (DCR).**

The Board is responsible overseeing the Management of the REIT and in turn the Unitholders' best interest.

I, in my capacity of Chairman of the Board, am issuing this report on my assessment of the performance of the Board.

It gives me great satisfaction to report that the Board has been meeting regularly and maintained continuous oversight and while being cognizant of its role and responsibilities, which it has carried out diligently in order to uphold the best interest of the Unit holders of DCR.

The Board's composition has a balance of executive, non-executive and independent directors and the Board, as a whole, has the core competencies, diversity, requisite skills, knowledge and experience necessary in the context of the DCR's operations. The Board composition also fulfils the minimum requirement of female members.

The Board has formed Audit, as well as Human Resource and Remuneration Committees. It has approved the Committees' Terms of Reference (TORs) and ensured that the respective members of the Committees are equipped with the necessary resources required by them to carry out assigned roles and responsibilities.

Throughout the year, the Management continued to bring all significant issues before the Board and its Committees to ensure robustness of the decision making process; in particular, all the related party transactions entered into, were brought to the Board's attention and were reviewed in detail by the Audit committee and thereafter, the Board.

The Board has developed and has been ensuring the implementation of a Code of Conduct covering professional standards, ethical practices and corporate values, that have been adhered to in the Management Company's conduct, as well as in managing DCR by the Management with respect to the day-to-day operational activities.

The Board carried out an evaluation of the Board's own performance and that of its Committees, as well as that of individual Directors. The Board is extremely satisfied with the result of its self-assessment.

All meetings of the Board, as well as those of its Committees were held with the requisite quorum and all the decisions were taken through Board resolutions. The minutes of the Board meetings, as well as that of its Committees were accurately recorded and circulated amongst the Members with regularity and timeliness. The Board and the Audit Committee have reviewed and are satisfied that there are adequate systems of internal control in place and that these were regularly assessed for implementation and adequacy.

All the key executives of the Management Company, who are committed to serve the best interest of the Unitholders of DCR, were evaluated and appropriate compensation was given so as to ensure that they perform their respective functions diligently. The key executives included the Chief Executive, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit.

The Board has prepared and approved the Directors Report and has ensured that the Directors Report is published with the Quarterly and Annual Financial Statement of the Scheme and the contents of the Directors Report are in accordance with the requirement of applicable laws and regulation.

The Board exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on DCR and it has ensured compliance with all the applicable laws and regulation while exercising their powers and making decisions.

The evaluation of the Boards performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including strategic planning, key business drivers and performance milestones, the economic environment in which the Scheme operates, the risks faced by Scheme Business, Board Dynamics, Capability and information flows. Based on the aforementioned, it can be reasonably be stated the Board of Dolmen City REIT has played an important role in ensuring that Scheme objectives are achieved through a joint effort with the management team and guidance and oversight by the Board and its members.



**Nasim Beg**  
Chairman  
18<sup>th</sup> September 2020

# Directors' Report

Dear Unitholders of Dolmen City REIT

On behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited, we are pleased to present the Annual Report of Dolmen City REIT ("DCR" or "the Scheme") and the audited financial statements for the financial year ended June 30 2020, together with auditors' report and other statutory reports.

## Overview

FY2020 has been a challenging year for both the global economy and consumer sentiment owing to the ongoing COVID-19 pandemic. By implementing prudent and effective control measures, Pakistan has effectively controlled infection cases and robust measures are being implemented to catalyse economic recovery.

Despite the challenges faced during the year, DCR continues to lead the capital markets in Pakistan as the only Listed REIT continuing to deliver strong results. DCR's performance, property management and close relationship with tenants is evident through maintenance of AAA (rr) – rating (highest investment quality and highest degree of stability in NAV) by the Rating agency and Shariah compliance certification by the Shariah advisor. Amidst economic and business challenges in the country, Dolmen Mall remains the destination of choice for shoppers and businesses alike. The Harbour Front similarly remained a benchmark for top quality office space in the country. It is encouraging to note that during the year SECP is contemplating constructive reforms in the regulatory framework of REITs, however rationalization of the taxation environment surrounding REITs is needed on an urgent basis.

## Response to the Outbreak of Covid-19

The spread of Coronavirus across the globe caused disruptions to all businesses and economic activity. In Pakistan, the retail sector faced an unprecedented challenge with smart lock-down imposed in all places of business. Shopping malls remained closed from March 18, 2020 till May 19, 2020 in Karachi with the halted operations causing an interruption to retail sales. The mall management responded by intensifying customer engagement through digital platforms to encourage footfall and retail sales upon reopening with the implementation of prescribed customer safety protocols.

Efforts were also intensified to strengthen our valuable, long term tenant relationships by proactively negotiating contracts to support tenant retention in these challenging times. Tenants at both the Dolmen City Mall and the Harbour front office building were provided with rental waivers from month to month after carefully assessing the overall situation. Rental waivers were provided to tenants of the Mall and Harbour Front as follows:

| Month     | Dolmen Mall Clifton | The Harbor Front |
|-----------|---------------------|------------------|
| April     | 100%                | 25%              |
| May       | 100%                | 50%              |
| June      | 55%                 | 50%              |
| July      | 45%                 | 40%              |
| August    | 25%                 | 25%              |
| September | 15%                 | 0%               |

### Note:

The above discount will not apply to operational tenants who are providing essential services.

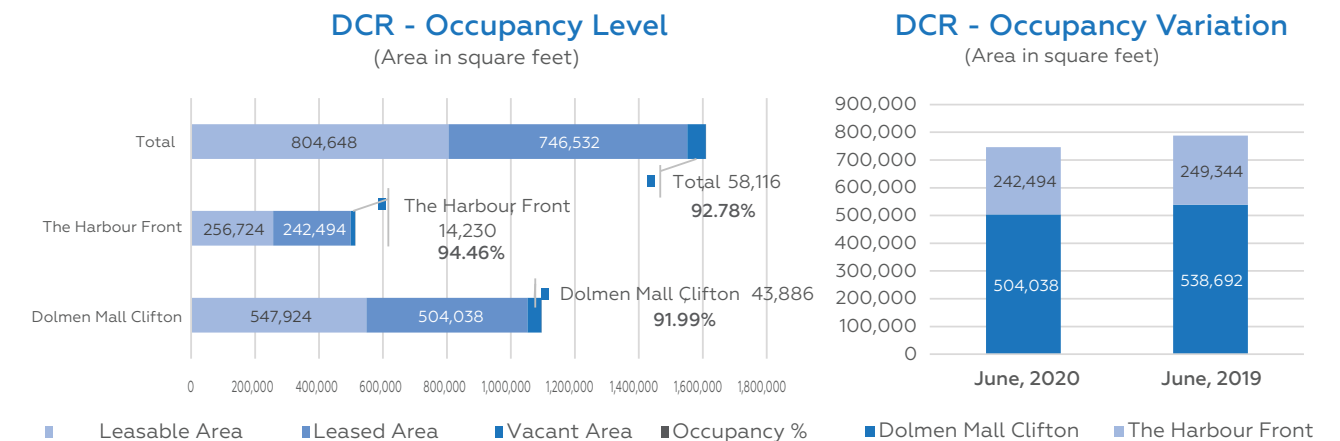
Discount to food outlets and entertainment areas varies based on the resumption of their businesses in line with the directions of the government.

## Operational Performance

DCR's real estate has witnessed consistent occupancy levels since inception in 2015. With the management's response to the Covid-19 challenge, occupancy at the end of June 2020 was maintained above ninety percent at 92.78% (June 30 2019: 97.96%). As a result of tight control measures, efforts to contain the spread of the virus have been successful enabling businesses to recover quickly. The mall business in Pakistan is counter-cyclical with pent up demand for consumer spending manifest as customers seek better value-for-money bargains.

While rent waivers introduced by the management to provide relief to the tenants affected by the slowdown in economy resulted in lower rental income in the last quarter of FY20, we view this as an investment and look forward to more robust performance in the coming quarters. The payoff of this investment in tenant retention is being proven by a reduction in the percentage of monthly rent waivers and new tenants coming in including Sino Sindh Resources, Bonanza, Shaffer, Mango Man, Dune London, Bay Lingerie Studio, Ginsoy Live and Vanellis among others. Future tenancy planning is focused on encouraging footfall and retail spending through selecting tenants that help each other increase sales by creating buyer synergy resulting in higher overall sales volumes from mall operation. Space for new tenants who create value for the overall tenancy mix based on consumer goods formats has been created by outgoing large tenants including Habitt, Interwood, Yellow, QnH, Almas Collection, Claires, Splash, Gulabo, Hoagies, Chattar Pattar and others. This has created a total vacant area opportunity of 58,116 square feet with a number of potential well selected tenancies in the pipeline.

Occupancy level at Dolmen Mall Clifton and Harbour Front at year end is as follows:



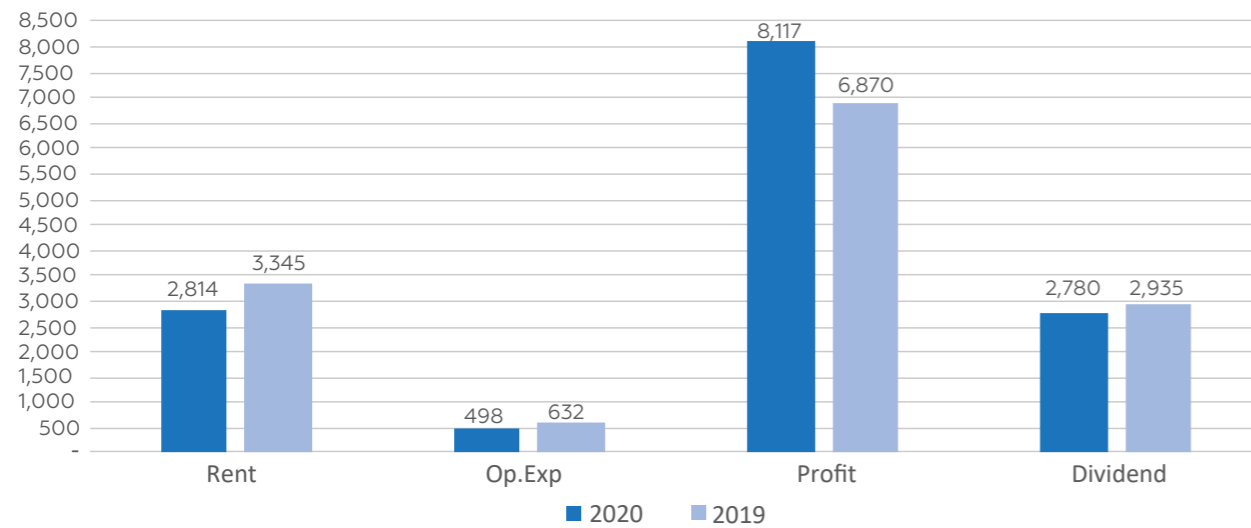
As on June 30 2020, the Weighted Average Lease Expiry 'WALE' based on the leasable area of Dolmen City Mall (68% of the total area) is around 3.32 years and of the Harbour Front (32% of the total area) is around 3.44 years (DCR's current average lease expiry is 3.38 years).

## Financial Performance

DCR's fund size as on June 30 2020 was PKR 51.28 billion (June 30 2019: PKR 46.233 billion) making it the biggest closed-end, Shariah compliant, listed instrument in Pakistan.

During the year under review, DCR recorded rental income of PKR 2,813.56 million (June 30 2019: PKR 3,344.499 million), marketing income of PKR 151.40 million (June 30 2019: PKR 182.606 million) and profit on Shariah compliant bank deposits of PKR 191.98 million (June 30 2019: PKR 139.613 million). Administrative, operating and other expenses amounted to PKR 498.07 million (June 30 2019: PKR 632.464 million).

## Financial Performance (PKR 'Million)



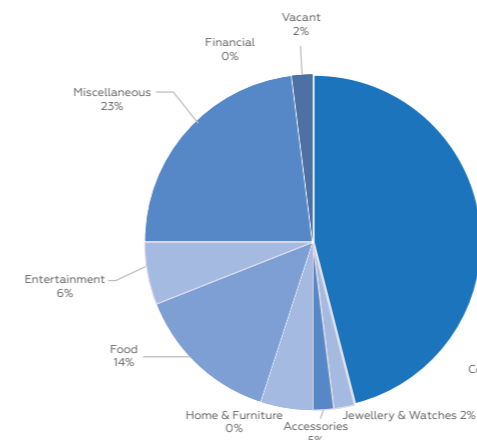
An amount of 5.459 billion was also recorded as change in fair value of investment property as valued by Tristar International Consultant (Private) Limited, an independent valuer (Refer to note 4 to the financial statements). This translates to Profit after tax of PKR 8.12 billion (June 30 2019: PKR 6.87 billion) and Earning per unit (EPU) of PKR 3.6506. The EPU comprises of distributable income of PKR 1.1957 and PKR 2.4549 being un-distributable unrealised fair value gains. The valuation opinion is a critical component for both the half-year and annual financial results. The Board after considering the continuation of challenging market conditions, corroborates the change in capitalization rate from 7% to 6% as advised by the Valuer in the valuation report. The Board has had full access to each valuation while reviewing the financial statements with the management and is satisfied that the fair valuation of the REIT properties were conducted in accordance with the rules.

### DCR Tenancy Profile

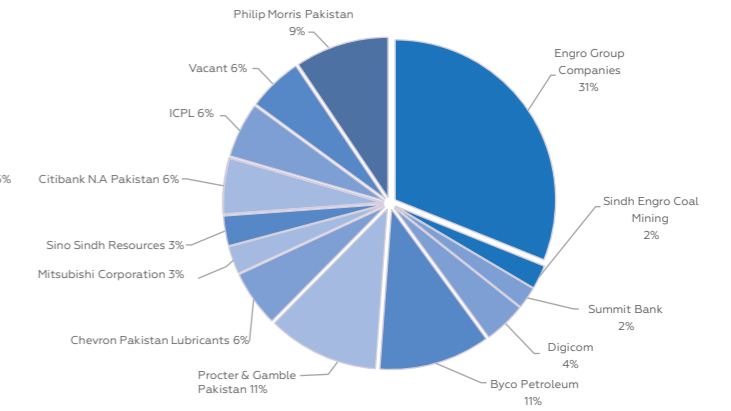
Existing occupancy of the real estate is held by credible tenants (mostly international brands and multinational corporations) with a track record of financial stability. Dolmen Mall Clifton anchored by Hyperstar and Debenhams, has a strong mix of local and international brands including Mango, Next, Nike, Aldo, Khadi, Timberland and Charles & Keith creating a strong, steady flow of customers. The highest occupancy by tenant retail category is apparel (46%) followed by food (14%) while other categories represent an even tenancy mix. The mall provides a strong customer experience as it accommodates all top local and international brands currently operating in the city.

The current tenant portfolio of The Harbour Front boasts leading local and multinational corporations such as Engro Corp, Phillip Morris, Mitsubishi Corp. and Procter & Gamble, amongst others. There are 17 lettable floors.

### MALL - TENANCY PROFILE (AS AT JUNE 2020)



### HARBOUR FRONT - TENANCY PROFILE (AS AT JUNE 2020)



The Property Manager of DCR played an instrumental role in maintaining goodwill, tenancies and brand image enticing customers to visit, shop and be part of the Dolmen Mall experience. At the same time they kept the maintenance, health and safety of DCR assets at the highest quality standards under close monitoring by the REIT Management Company. The Property Manager's experience in devising tenancy strategies played an instrumental role in tenant retention with overall occupancy levels being maintained throughout the year.

### Footfall Drivers

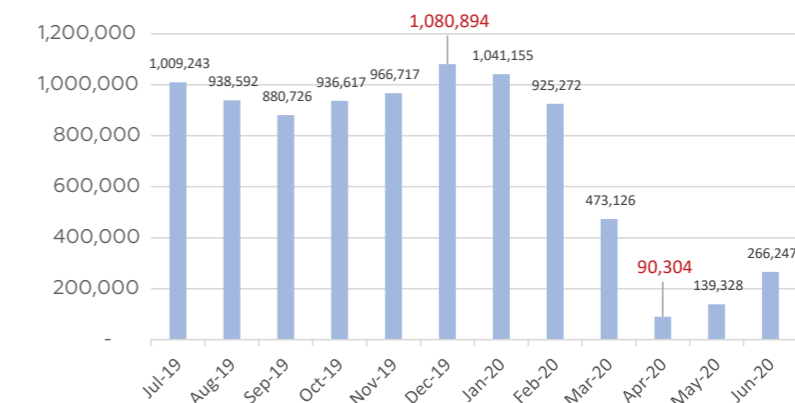
Quarterly Dolmen Magazines were utilised to keep customer engagement high despite lockdowns, keeping shoppers abreast about shopping festivals, events calendar, brand advertisements and discount offerings with over 20,000 copies distributed to subscribers, PR list, tenants and in-mall distribution.

Customer centric marketing and branding activities at the Mall during the first half of the fiscal FY20 resulted in maintaining a healthy footfall. From Independence Day, New Year celebrations and Dolmen Shopping Festival every significant occasion of the season saw its festivities at the Dolmen City Mall.

The outbreak of Corona virus dampened footfall earlier this year with lockdowns on mall opening in March 2020. During this period, all retail including malls remained closed other than grocery provisions, medical stores and banking operations causing an unprecedented footfall interruption during the second half of FY20.

As a result, average monthly footfall was 729,018 visitors compared with 843,919 visitors in FY19 while throughout the year, DCR welcomed around 8.7 Million visitors during FY20 compared to 10.12 Million visitors in FY19.

### Dolmen City Mall - Monthly Footfall - FY20



## Footfall Activators

Dolmen Mall management carefully prepares and executes a calendar of events in the form of festivals and activation to drive footfall and encourage footfall conversion to consumer spending throughout the year. Dolmen Shopping Festival; now a mainstay footfall activator like every year, did exceptionally well. Other notable events were Independence Celebrations, Back to school Festival, Beauty Festival, World Soccer Stars, Dolmen Loves Cricket, International Women's Day and Lawn Festival.

Independence Celebrations 14th August celebrations have been a signature event for Dolmen Mall since its inception. Last year Pakistan celebrated its 72nd anniversary with Independence Day and Eid ul Adha falling consecutively. The event was celebrated with great zeal themed "Beam Green This Eid". The mall was decorated extensively with displays celebrating Pakistan's top 10 monuments and a life size Pakistan map placed at the Fashion Boulevard. The customer survey graph showed that the 90% of the customers had a great overall experience of the event.

Dolmen Shopping Festival (DSF): Taking a leaf out of the major malls of the world and continuing with our own tradition, the Dolmen Shopping Festival has been one of the most anticipated shopping events of the year with larger than life installations highlighting the best that the city has to offer. DSF was hosted from 20th Dec 2019 to 5th Jan, 2020 with customers drawn to phenomenal deals, exclusive gifts, exciting events, and a lively gala of endless shopping.

The mall was transformed with different characters on ground, fascinating décor fantasy setups and corridor installations. Families were also engaged through lucky draws, games and entertainment.

Lawn Festival: During 26th February to 1st March, 2020 Dolmen Mall celebrated a Lawn Festival to promote the spring launches of lawn brands. The event created a platform for brands to place their creative setups and promote themselves out of their stores. The event holds a great value to our most important tenant's brands such as Khaadi, Gul Ahmed and Sana Safinaz.

The mall was aesthetically decorated with drapes, banners and floral & butterfly cutouts that created a delightful ambiance for the event.

## Distribution of Dividend

During the first nine months of the year the Board of Directors had declared and distributed interim dividend of PKR 1.05 / unit i.e. 10.5% in equal proportion on quarterly basis. At year end, the board declared and distributed a final dividend of PKR 0.20 / unit i.e. 2%. On a cumulative basis, DCR has declared and distributed total dividend of PKR 1.25 / unit providing annualized dividend yield equal to 12.5% based on par value and 11.36% for IPO Investors at a strike price of PKR 11 per unit. The total pay-out for the year ended 30 June 2020 remained at 104.54% of distributable income equivalent to PKR 2,779.62 billion.

## Shariah Compliance

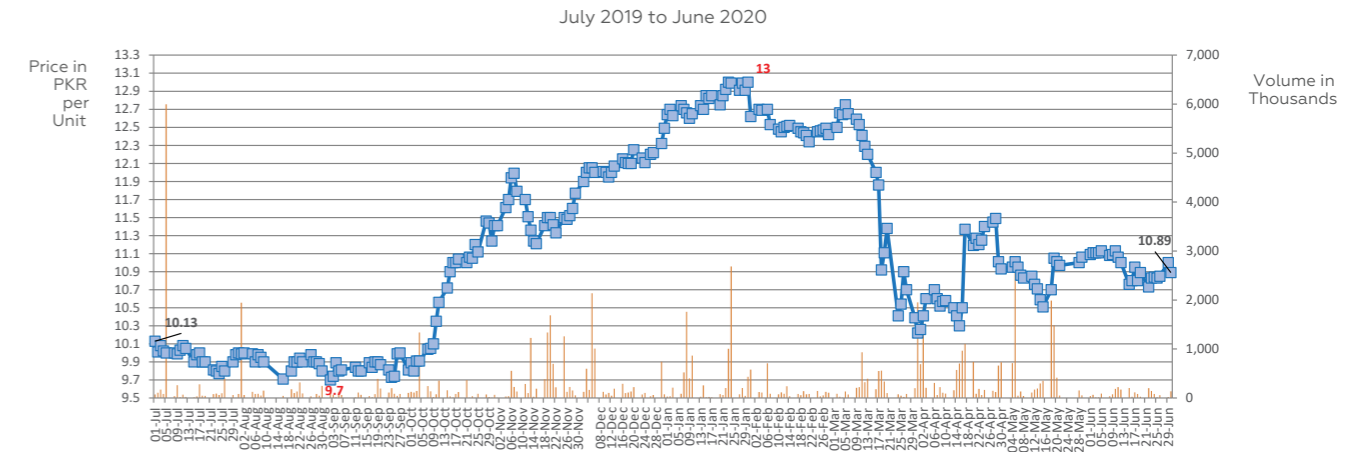
Complying with Shariah guidelines, the fund's real estate remained secure under Takaful policies by "A" rated Pakistani operators which have support from renowned international Re-Takaful syndicate. Shariah advisor, in his Annual Shariah Review Report, has confirmed compliance with Shariah principals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

## Stocks Performance

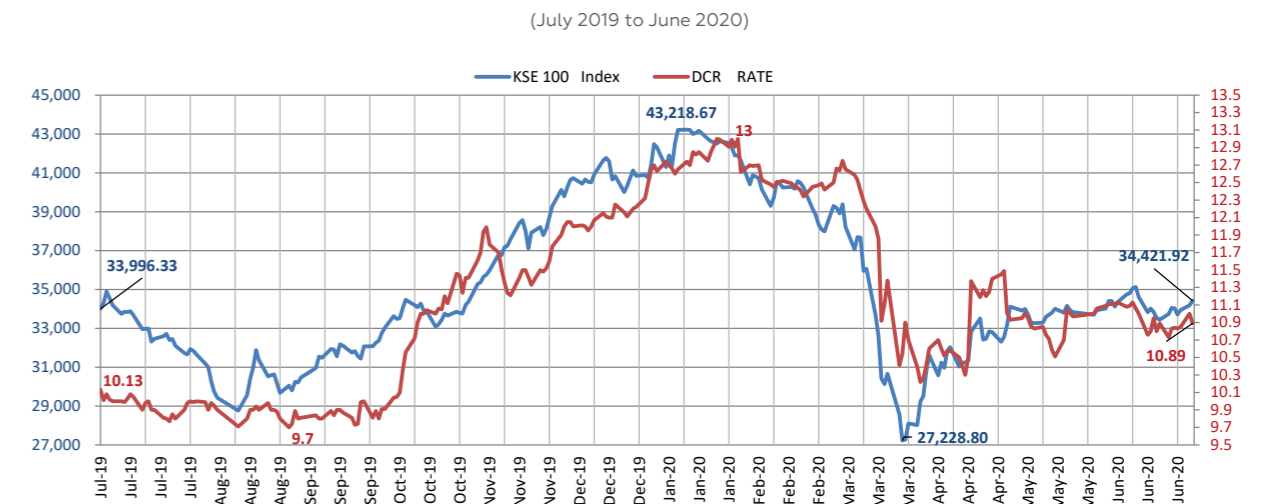
During the twelve months period under review, 'DCR' traded on the Pakistan Stock Exchange at an average unit price of PKR 11.16 (compared with last year's average PKR 11.87) touching a high of PKR 13.00 and a low of PKR 9.70 per unit. During the same period KSE100 index moved in the range from 27,228.80 to 43,218.67. In an extremely volatile market, the stock of DCR remained fairly stable with beta of 0.33 (which means for a given 100% change in market KSE-100 Index, DCR would change only 33%, beta here represents low volatility and elasticity) and covariance with the market of 0.88 (which is a measure of the degree to which returns on two risky assets move in tandem, indicate low positive correlation of DCR stock performance with the market performance).

The Net Asset Value 'NAV' per Unit of DCR is PKR 23.06 at the year ended on June 30, 2020 (PKR 20.79 at June 30, 2019). DCR on its closing Unit price of PKR 10.89 on June 30, 2020 traded at a discount of 47% to its NAV.

## Stock Market performance of DCR Unit



## DCR versus KSE 100 Index



## Amendments in Trust Deed

In the current year, certain amendments have been made in the Original Trust Deed of Dolmen City REIT. These amendments were made to bring the Trust Deed in line with the REIT Regulations 2015 as amended in December 2018. As per the revisions, the REIT Scheme, may now issue 'Right' Units with prior approval of Unit Holders obtained by way of a special resolution subject to final approval by the Commission. Further, the RMC may arrange Borrowing with the approval of its Board of Directors and consent of the Trustee, for the purposes of capital expenditure on construction, development, renovation and refurbishment to increase earning capacity of the REIT Scheme and for further acquisition of Real Estate subject to the requirements of the Regulations.

## Business Environment

Karachi is one of the fastest growing cities in Pakistan, as such the demand for commercial space; both office and retail has generally seen an upward trend. Events over the last year however have placed real estate demand under pressure with rising cost of doing business, interest rates, currency devaluation and uncertainty over real estate tax legislation. This was exacerbated by the economic slowdown caused by the onset of Coronavirus.

The supply of both office and retail space has remained slow with planned augmentation mostly stalled due to caveats introduced by Sindh High Court on land use conversion from residential designations to commercial. As such, developments are expected to proceed only on 'by birth' commercial properties. As such, we do not see competitive augmentation to supply during the upcoming fiscal year.

Financial institutions have been the major demand generators for office space and this demand has been channelled to dedicated, self-occupied developments such as HBL moving to G4 (26 floors) and Summit Bank moving to Bakht Tower (retail, office, residential). While these institutions represent a material office space occupier segment, we do not see this as having a bearing on the business performance of the DCR office component.

Retail on the other hand has not seen any space augmentation. Relevant future competition is represented almost solely by Bahria Icon Tower, a 62 storey mixed use retail, leisure, office and residential development. It's completion and hand over to tenants has however stalled on account of caveats imposed by the Sindh High Court. While the commencement of operations at Bahria Icon is viewed as healthy space addition with the potential of bringing new international brands into the country, we do not anticipate space becoming available in the next fiscal year.

With potential addition to supply stalling in the planning and construction phases, DCR office and retail components are considered to be the best managed commercial real estate in the country and demand is expected to remain steady.

### Business Risk Summary

DCR's business is sensitive to sustaining occupancy levels. Principal risks comprise: i) significant future supply of office and retail developments which try to undercut the pricing in the neighbourhood. However, such developments would be bound to compromise on the facilities management in order to draw economies; whereas DCR has already set the industry benchmark in this space demonstrating its importance to the occupants. ii) Rising interest rate scenario can make the DCR yield competitive, however, in the longer run REIT units will continue to provide stable returns and consistent growth to investors as an inflation hedged instrument, iii) Default by existing tenants; the risk of which is considered to be low at Dolmen City since majority tenants of DCR are either multinationals or big franchises and DCR's Property Manager not only deploy stringent screening, profiling and tenancy sourcing policies but also monitors and maintains close liaison with every tenant.

### Taxation Reforms

During the current year, the REIT management company, jointly with other RMCs, advocated tax reforms to be incorporated in the Finance Bill 2020 for the documentation of real estate economy through proliferation of REITs. The reforms being advocated includes exemption from taxation of paper gains for all kinds of REIT Schemes on transfer of Immovable property to a REIT scheme and harmonization of dividends paid out by REITs with mutual funds at 15% (currently dividends from REITs are taxed at 25%). Unfortunately, to the contrary of what was proposed, the FBR increased the withholding tax on dividends from 15% to 25% in the Finance Act 2020 creating a more challenging environment for REIT investments.

It is fundamental to the growth of REITs that the legal framework and taxation regime remain supportive and consistent in the longer term. It must be recognised that REITs are an important investment vehicle and have the potential of bringing several benefits to the economy. These range from improving documentation of real estate transactions, bringing accuracy to property valuations, enhancing government revenue and allowing small savers to take exposure in real estate thereby promoting savings. It is important that REITs are supported at all levels and benefits that are available to REITs in the province of Sindh are extended throughout the country for their proliferation.

### Outlook

As the government completes its second year, some tough economic decisions were made which subject considerable pressure on every business segment, however we see stabilization in the commercial environment moving forward and anticipate this being translated to more demand for office space. In the shorter-term the related economics is expected to affect consumption pattern and the retail segment. Going forward, it is anticipated that the government may ease its monetary policy stance, making REIT's unit comparatively attractive.

With professional property management, long lease expiries, extensive marketing activities and renowned tenants, we remain confident that Dolmen City will remain the destination of choice for shoppers, retail operators and corporations alike. This is also evident by current REIT rating of AAA (rr) which is reaffirmed by VIS Credit Rating Agency and denotes highest degree of stability in NAV. Consistently healthy footfall and tenants' contentment with the mall is the testimony of operational success for DCR. Going forward, rental escalations would be the prime revenue driver with the mall at optimal occupancy. By international standards, maximum occupancy of a mall is considered to be around 90% of the leasable area as tenancy is fluid and an element of vacancy is imperative to accommodate new tenants.

Vigilance at all levels by Trustee, RMC, Shariah Advisor and the SECP ensures compliance to REIT Regulations and other applicable laws and standards. These factors continue to provide DCR's Unit Holders with a rewarding investment.

### Corporate Governance

DCR is listed at the Pakistan Stock Exchange. The Board of the RMC and management are committed to observe the Code of Corporate Governance and are cognizant of their responsibilities to monitor operations and performance, enhance accuracy, comprehensiveness and transparency of financial and non-financial information

The Board would like to state that proper books of accounts of DCR have been maintained and appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates as stated in note 2.4 of the financial statements are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, are followed in the preparation of the financial statements. The system of internal controls is sound in design and has been effectively implemented and monitored. The financial statements of DCR present fairly its state of affairs, the result of its operations, cash flows and the movement in NAV. No material payment has remained outstanding on account of any taxes, duties, levies or charges.

In compliance with the Code, the Board hereby reaffirm that there is no doubt about DCR's ability to continue as a going concern and that there has been no material departure from the best practices of corporate governance.

It has always been DCR's endeavour to excel through better Corporate Governance and fair and transparent practices.

### Trading in Scheme's Shares by Directors and Executives

A statement showing DCR's shares bought and sold by RMC's Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor family members is annexed as Annexure - I.

### Directors' Attendance at Board and its Committee Meeting

During the year ended 30 June 2020, six (06) Board Meetings, Four (04) Audit Committee Meetings and one (01) Human Resource & Remuneration Committee Meeting were held. Attendance by directors was as follows.

| Name of Director      | Board Meeting | Audit Committee | Human Resource & Remuneration Committee |
|-----------------------|---------------|-----------------|---|
| Mr Nasim Beg          | 6             | -               | -                                       |
| Mr Nadeem Riaz        | 3             | -               | -                                       |
| Mr. Tayyeb Afzal*     | 5             | 3               | -                                       |
| Mr Qamar Hussain      | 5             | 4               | -                                       |
| Mr Samad A. Habib     | 4             | 3               | 1                                       |
| Mr Faisal Nadeem      | 6             | -               | 1                                       |
| Mr Muhammad Ejaz      | 6             | -               | 1                                       |
| Mr. Sajidullah Sheikh | 5             | -               | -                                       |
| Ms. Tayyaba Rasheed   | 6             | -               | 1                                       |

\*Mr. Tayyeb Afzal has resigned on 18 February 2020 and Mr. Naeem Ilyas has been appointed on 22 June 2020 to fill the casual vacancy

## Directors' Remuneration

The Non- Executive Directors (including independent directors) but excluding those directors who are concurrently serving as Executive Directors in any of the Arif Habib Group of Companies are provided a remuneration for attending Board and its Committee Meetings as may be approved by the Board from time to time.

Further as and when the Board decides to assign any additional roles and responsibilities to any non-executive directors, the Board shall decide the remuneration to be provided to such director which is commensurate with the roles and responsibilities so assigned.

## Composition of the Board

The current composition of the board is as follows:-

| Total Number of Directors: |   |
|----------------------------|---|
| (a) Male:                  | 7 |
| (b) Female:                | 1 |

## Composition:

| Name                     | Status                  |
|--------------------------|-------------------------|
| Mr. Nasim Beg            | Chairman                |
| Mr. Nadeem Riaz          | Non-Executive Director  |
| Mr. Qamar Hussain        | Independent Director    |
| Mr. Naeem Ilyas          | Independent Director    |
| Ms. Tayyaba Rasheed      | Independent Director    |
| Mr. Abdus Samad A. Habib | Non-Executive Director  |
| Mr. Faisal Nadeem        | Non-Executive Director  |
| Mr. Sajidullah Sheikh    | Non-Executive Director  |
| Mr. Muhammad Ejaz        | Chief Executive Officer |

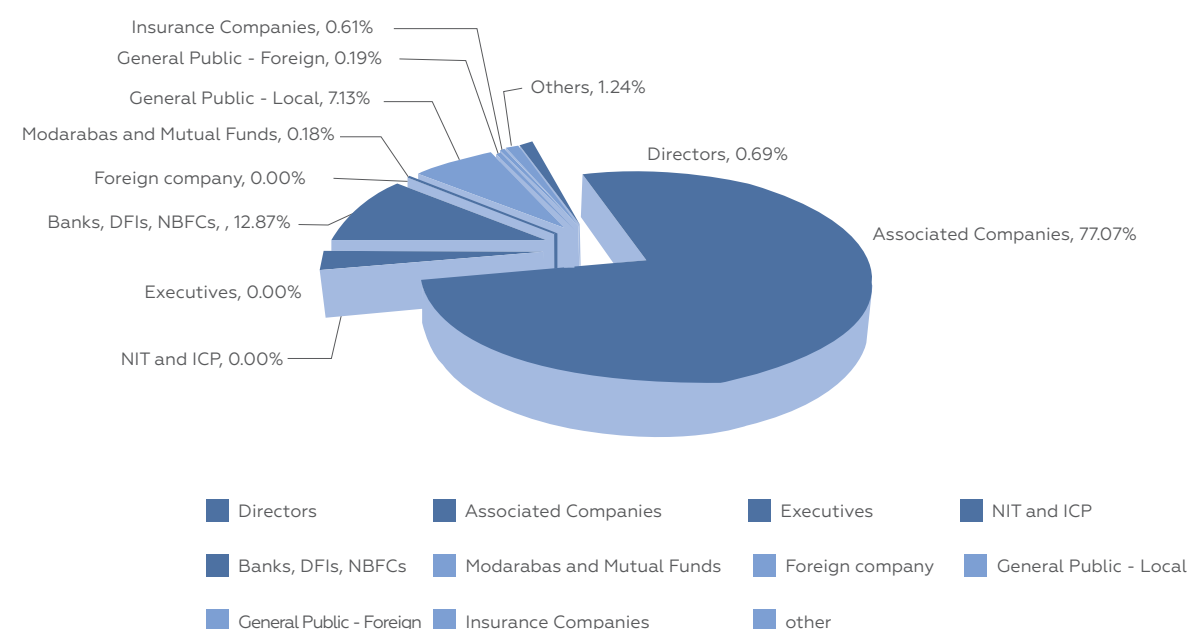
## Committees of the Board:

| Audit Committee                         |             |
|---|-------------|
| Mr Qamar Hussain                        | Chairman    |
| Mr Samad A. Habib                       | Member      |
| Mr. Naeem Ilyas                         | Member      |
| Human Resource & Remuneration Committee |             |
| Ms Tayyaba Rasheed                      | Chairperson |
| Mr Faisal Nadeem                        | Member      |
| Mr Samad A. Habib                       | Member      |
| Mr Muhammad Ejaz                        | Member      |

## Pattern of Unitholding

The units of DCR are listed on Pakistan Stock Exchange. There were 4,042 unitholders of DCR as of 30 June 2020. The detailed pattern of unitholding and categories of unitholding of DCR including units held by Directors and Executives, if any, are provided as Annexure-III.

The pattern of Unit holding in DCR as at June 30, 2020 is detailed in Annexure 'III' to this report.



| Categories of Unit holders | Unit Held            | %           |
|----------------------------|----------------------|-------------|
| Directors                  | 15,410,482           | 0.69%       |
| Associated Companies       | 1,713,852,500        | 77.07%      |
| Executives                 | -                    | 0.00%       |
| NIT and ICP                | -                    | 0.00%       |
| Banks, DFIs, NBFCs,        | 286,174,783          | 12.87%      |
| Modarabas and Mutual Funds | 4,057,204            | 0.18%       |
| Insurance Companies        | 13,659,018           | 0.61%       |
| Foreign company            | -                    | 0.00%       |
| General Public             |                      |             |
| - Local                    | 158,630,365          | 7.13%       |
| - Foreign                  | 4,258,500            | 0.19%       |
| Others                     | 27,657,148           | 1.24%       |
| <b>Total</b>               | <b>2,223,700,000</b> | <b>100%</b> |

## Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights" along with and graphic representation.

## Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its Terms of Reference duly approved by the Board.

## Auditors

The present external auditors M/s Yousuf Adil & Co. Chartered Accountants, shall retire, and being eligible, have offered themselves for reappointment for the year ending on 30th June 2021. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee of RMC, the Board of RMC recommends reappointment of M/s Yousuf Adil & Co. Chartered Accountants, as auditors of DCR for the financial year ending on 30th June 2021 at a fee to be mutually agreed.

## Election of Directors

In accordance with the provisions of Section 161 of Companies Act 2017 (Section 180 of the repealed Companies Ordinance, 1984) the three years term of seven elected directors of RMC had been completed in October 2018 and all Directors were retired. Fresh elections of Directors were held on October 26, 2018 and the number of Directors as fixed by the Board (eight in numbers) were elected unopposed. Further; Chairman, Chief Executive and sub-committees of the board were also appointed on the said date.

## Post Balance Sheet Events

There have been no material changes since 30th June 2020 to the date of this report except the declaration and distribution of a final Cash Dividend @ Rs. 0.20 / unit i.e. 2.0 %. This was in addition to interim dividend declared and distributed @ Rs. 1.05 / unit i.e. 10.5%. The effect of such declaration shall be reflected in the next year's financial statements.

## Related Party Transactions

In order to comply with the requirements of REIT Regulations and Code of Corporate Governance, DCR presented all related party transactions before the Audit Committee and Board of RMC for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of related party transactions have been provided in note 17 of the annexed audited financial statements.

## 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

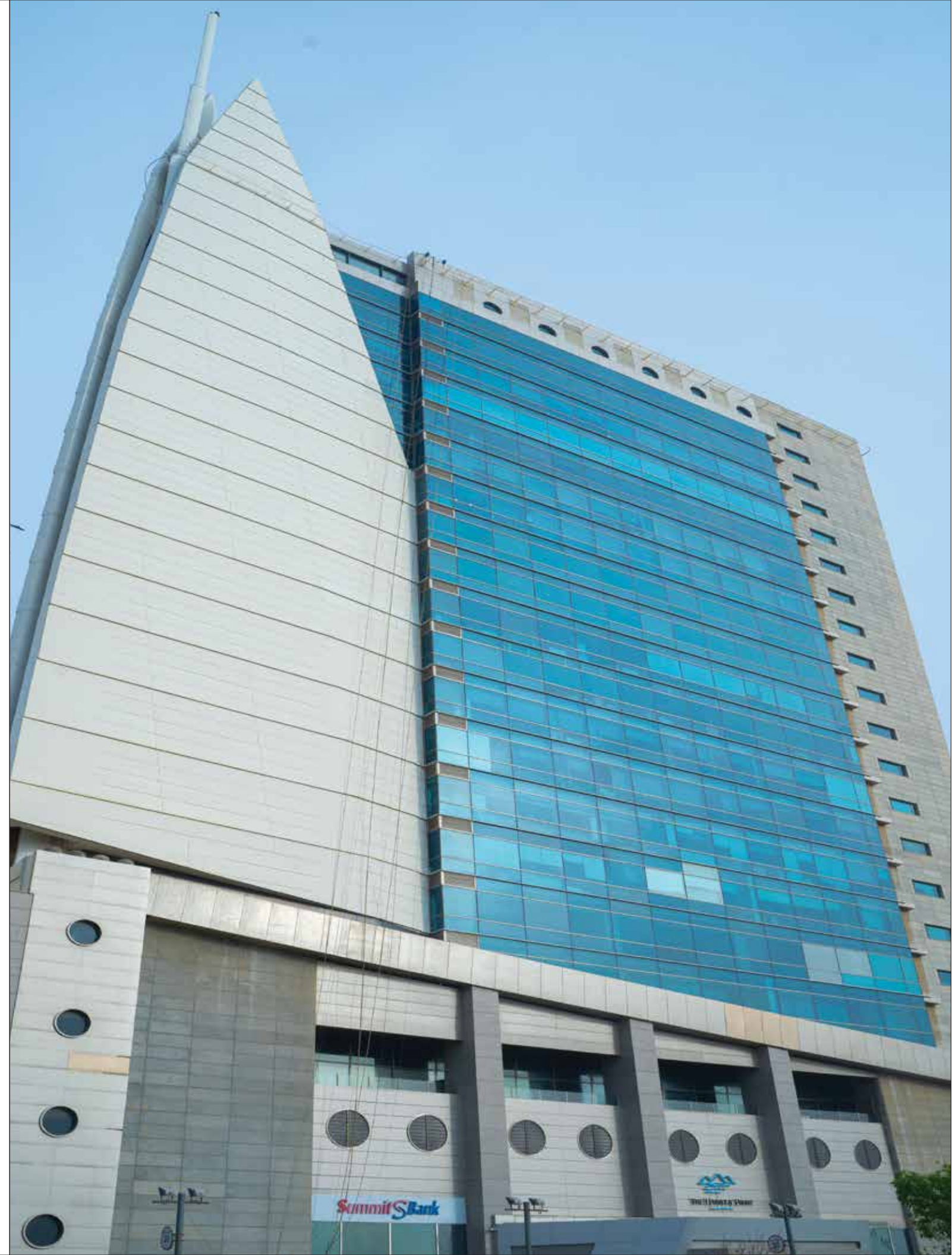


**Muhammad Ejaz**  
Chief Executive



**Nasim Beg**  
Chairman

Karachi  
18<sup>th</sup> September 2020



## Annexure 1

Statement showing units bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children from 01 July 2019 to 30 June 2020.

| NAME                    | DESIGNATION               | UNITS BOUGHT | UNITS SOLD | REMARKS |
|-------------------------|---------------------------|--------------|------------|---------|
| Mr. Nasim Beg           | Chairman                  | -            | -          | -       |
| Mr. Naeem Ilyas         | Director                  | -            | -          | -       |
| Mr. Qamar Hussain       | Director                  | -            | -          | -       |
| Ms. Tayyaba Rasheed     | Director                  | -            | -          | -       |
| Mr. Nadeem Riaz         | Director                  | -            | -          | -       |
| Mr. Abdus Samad A Habib | Director                  | -            | -          | -       |
| Mr. Faisal Nadeem       | Director                  | -            | -          | -       |
| Mr. Sajidullah Sheikh   | Director                  | -            | -          | -       |
| Mr. Muhammad Ejaz       | Chief Executive           | -            | -          | -       |
| Mr. Zohaib Yaqoob       | CFO & Company Secretary   | -            | -          | -       |
| Ms. Uzma Nadeem         | Spouse of Mr. Nadeem Riaz | -            | -          | -       |

## Annexure II - Pattern of Unit Holding

CATEGORIES OF UNIT HOLDERS AS AT 30 JUNE 2020

| CATEGORIES   | NO OF UNITHOLDERS | NO OF UNIT HELD      | HOLDING %     |
|--|-------------------|----------------------|---------------|
| Directors and their spouse(s) and minor children                             | 4                 | 15,410,482           | 0.69          |
| Executives   | -                 | -                    | -             |
| Associated Companies, Undertakings and Related Parties                       | 4                 | 1,713,852,500        | 77.07         |
| NIT and ICP  | -                 | -                    | -             |
| Banks Development Financial Institutions, Non-Banking Financial Institutions | 11                | 286,174,783          | 12.87         |
| Insurance Companies  | 13                | 13,659,018           | 0.61          |
| Modarabas and Mutual Funds   | 8                 | 4,057,204            | 0.18          |
| Others   | 76                | 27,657,148           | 1.24          |
| General Public   |                   |                      |               |
| a. Local   | 3919              | 158,630,365          | 7.13          |
| b. Foreign   | 7                 | 4,258,500            | 0.19          |
| Foreign Companies  | -                 | -                    | -             |
| <b>Totals</b>  | <b>4042</b>       | <b>2,223,700,000</b> | <b>100.00</b> |

# Pattern of Unit Holding

CATEGORIES OF UNIT HOLDERS AS AT 30 JUNE 2020

| CATEGORIES  | NO OF UNIT HOLDERS | NO OF UNIT HELD      | HOLDING %    |
|---|--------------------|----------------------|--------------|
| <b>Directors and their spouse(s) and minor children</b>                             |                    |                      |              |
| FAISAL NADEEM   | 2                  | 4,207,649            | 0.19         |
| NADEEM RIAZ   | 1                  | 6,860,000            | 0.31         |
| UZMA NADEEM   | 1                  | 4,342,833            | 0.20         |
|   | <b>4</b>           | <b>15,410,482</b>    | <b>0.69</b>  |
| <b>Executives</b>   | -                  | -                    | -            |
| <b>Associated Companies, Undertakings and Related Parties</b>                       |                    |                      |              |
| INTERNATIONAL COMPLEX PROJECTS LTD.   | 1                  | 1,667,775,000        | 75.00        |
| ARIF HABIB LIMITED  | 1                  | 1,000,000            | 0.04         |
| ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED   | 1                  | 7,740,000            | 0.35         |
| DOLMEN REAL ESTATE MANAGEMENT (PVT) LTD   | 1                  | 37,337,500           | 1.68         |
|   | <b>4</b>           | <b>1,713,852,500</b> | <b>77.07</b> |
| <b>NIT and ICP</b>  | -                  | -                    | -            |
| <b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b> | <b>11</b>          | <b>286,174,783</b>   | <b>12.87</b> |
| <b>Insurance Companies</b>  | <b>13</b>          | <b>13,659,018</b>    | <b>0.61</b>  |
| <b>Modarabas and Mutual Funds</b>   |                    |                      |              |
| FIRST UDL MODARABA  | 1                  | 105,500              | 0.00         |
| B.R.R. GUARDIAN MODARABA  | 1                  | 394,000              | 0.02         |
| HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PVT) LTD                            | 1                  | 2,500                | 0.00         |
| CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND  | 1                  | 423,500              | 0.02         |
| CDC - TRUSTEE MEEZAN BALANCED FUND  | 1                  | 1,909,000            | 0.09         |
| CDC - TRUSTEE ALFALAH GHP VALUE FUND  | 1                  | 704                  | 0.00         |
| CDC - TRUSTEE AKD INDEX TRACKER FUND  | 1                  | 129,500              | 0.01         |
| CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND                                    | 1                  | 1,092,500            | 0.05         |
|   | <b>8</b>           | <b>4,057,204</b>     | <b>0.18</b>  |
| <b>Others</b>   | <b>76</b>          | <b>27,657,148</b>    | <b>1.24</b>  |
| <b>General Public</b>   |                    |                      |              |
| a. Local  | <b>3919</b>        | <b>158,630,365</b>   | <b>7.13</b>  |
| b. Foreign  | <b>7</b>           | <b>4,258,500</b>     | <b>0.19</b>  |
| Foreign Companies   | -                  | -                    | -            |
| <b>Totals</b>   | <b>4042</b>        | <b>2,223,700,000</b> | <b>100</b>   |

| Unit holders holding 10% or more           | Units Held           | Percentage   |
|--|----------------------|--------------|
| <b>INTERNATIONAL COMPLEX PROJECTS LTD.</b> | <b>1,667,775,000</b> | <b>75.00</b> |

# Pattern of Unit Holding

As of June 30, 2020

| # Of Unit holders | Unit Holding's Slab | Total Units Held |
|-------------------|---------------------|------------------|
| 108               | 1 to 100            | 2,422            |
| 1,319             | 101 to 500          | 652,801          |
| 808               | 501 to 1,000        | 802,591          |
| 710               | 1,001 to 5,000      | 2,018,176        |
| 267               | 5,001 to 10,000     | 2,328,641        |
| 68                | 10,001 to 15,000    | 890,185          |
| 68                | 15,001 to 20,000    | 1,267,531        |
| 77                | 20,001 to 25,000    | 1,840,687        |
| 37                | 25,001 to 30,000    | 1,051,136        |
| 22                | 30,001 to 35,000    | 732,115          |
| 28                | 35,001 to 40,000    | 1,083,063        |
| 16                | 40,001 to 45,000    | 696,500          |
| 58                | 45,001 to 50,000    | 2,857,208        |
| 17                | 50,001 to 55,000    | 899,866          |
| 13                | 55,001 to 60,000    | 753,820          |
| 11                | 60,001 to 65,000    | 698,000          |
| 11                | 65,001 to 70,000    | 751,500          |
| 19                | 70,001 to 75,000    | 1,398,125        |
| 23                | 75,001 to 80,000    | 1,824,020        |
| 9                 | 80,001 to 85,000    | 749,733          |
| 15                | 85,001 to 90,000    | 1,325,891        |
| 7                 | 90,001 to 95,000    | 646,415          |
| 51                | 95,001 to 100,000   | 5,085,152        |
| 12                | 100,001 to 105,000  | 1,235,930        |
| 6                 | 105,001 to 110,000  | 641,477          |
| 5                 | 110,001 to 115,000  | 563,000          |
| 6                 | 115,001 to 120,000  | 715,000          |
| 6                 | 120,001 to 125,000  | 744,500          |
| 7                 | 125,001 to 130,000  | 902,500          |
| 6                 | 130,001 to 135,000  | 802,500          |
| 3                 | 135,001 to 140,000  | 417,000          |
| 2                 | 140,001 to 145,000  | 287,000          |
| 4                 | 145,001 to 150,000  | 592,500          |
| 5                 | 150,001 to 155,000  | 767,000          |
| 3                 | 155,001 to 160,000  | 474,000          |
| 1                 | 160,001 to 165,000  | 165,000          |
| 2                 | 165,001 to 170,000  | 333,266          |
| 4                 | 170,001 to 175,000  | 698,000          |
| 3                 | 175,001 to 180,000  | 540,000          |
| 6                 | 180,001 to 185,000  | 1,102,500        |
| 4                 | 185,001 to 190,000  | 751,500          |
| 3                 | 190,001 to 195,000  | 575,500          |
| 10                | 195,001 to 200,000  | 2,000,000        |
| 2                 | 200,001 to 205,000  | 404,500          |
| 3                 | 205,001 to 210,000  | 625,972          |
| 5                 | 210,001 to 215,000  | 1,064,500        |
| 2                 | 215,001 to 220,000  | 436,500          |
| 4                 | 220,001 to 225,000  | 897,000          |
| 6                 | 225,001 to 230,000  | 1,373,566        |
| 2                 | 230,001 to 235,000  | 466,500          |
| 1                 | 235,001 to 240,000  | 240,000          |
| 2                 | 240,001 to 245,000  | 487,500          |
| 5                 | 245,001 to 250,000  | 1,250,000        |
| 2                 | 250,001 to 255,000  | 505,000          |
| 3                 | 255,001 to 260,000  | 773,500          |

# Pattern of Unit Holding

As of June 30, 2020

| # Of Unit holders | Unit Holding's Slab |              | Total Units Held |
|-------------------|---------------------|--------------|------------------|
| 1                 | 260,001             | to 265,000   | 261,000          |
| 2                 | 270,001             | to 275,000   | 550,000          |
| 1                 | 275,001             | to 280,000   | 280,000          |
| 2                 | 280,001             | to 285,000   | 569,000          |
| 2                 | 285,001             | to 290,000   | 573,500          |
| 5                 | 295,001             | to 300,000   | 1,500,000        |
| 2                 | 300,001             | to 305,000   | 605,500          |
| 1                 | 305,001             | to 310,000   | 310,000          |
| 1                 | 310,001             | to 315,000   | 315,000          |
| 1                 | 320,001             | to 325,000   | 325,000          |
| 2                 | 335,001             | to 340,000   | 674,500          |
| 1                 | 345,001             | to 350,000   | 350,000          |
| 1                 | 355,001             | to 360,000   | 360,000          |
| 2                 | 360,001             | to 365,000   | 728,500          |
| 1                 | 370,001             | to 375,000   | 375,000          |
| 1                 | 375,001             | to 380,000   | 380,000          |
| 1                 | 390,001             | to 395,000   | 394,000          |
| 4                 | 395,001             | to 400,000   | 1,600,000        |
| 1                 | 405,001             | to 410,000   | 409,165          |
| 1                 | 415,001             | to 420,000   | 418,000          |
| 4                 | 420,001             | to 425,000   | 1,693,500        |
| 3                 | 430,001             | to 435,000   | 1,300,200        |
| 1                 | 435,001             | to 440,000   | 440,000          |
| 1                 | 445,001             | to 450,000   | 450,000          |
| 1                 | 460,001             | to 465,000   | 465,000          |
| 1                 | 465,001             | to 470,000   | 465,500          |
| 7                 | 495,001             | to 500,000   | 3,500,000        |
| 1                 | 505,001             | to 510,000   | 505,500          |
| 3                 | 520,001             | to 525,000   | 1,571,000        |
| 1                 | 530,001             | to 535,000   | 534,700          |
| 3                 | 545,001             | to 550,000   | 1,647,518        |
| 1                 | 565,001             | to 570,000   | 566,500          |
| 1                 | 575,001             | to 580,000   | 578,000          |
| 3                 | 595,001             | to 600,000   | 1,800,000        |
| 1                 | 600,001             | to 605,000   | 603,000          |
| 1                 | 620,001             | to 625,000   | 625,000          |
| 1                 | 640,001             | to 645,000   | 645,000          |
| 1                 | 755,001             | to 760,000   | 758,000          |
| 1                 | 785,001             | to 790,000   | 787,000          |
| 1                 | 790,001             | to 795,000   | 794,000          |
| 1                 | 800,001             | to 805,000   | 805,000          |
| 2                 | 830,001             | to 835,000   | 1,666,666        |
| 1                 | 835,001             | to 840,000   | 837,500          |
| 2                 | 840,001             | to 845,000   | 1,689,500        |
| 1                 | 845,001             | to 850,000   | 850,000          |
| 1                 | 850,001             | to 855,000   | 851,000          |
| 1                 | 895,001             | to 900,000   | 900,000          |
| 1                 | 925,001             | to 930,000   | 926,000          |
| 1                 | 985,001             | to 990,000   | 986,149          |
| 8                 | 995,001             | to 1,000,000 | 8,000,000        |
| 1                 | 1,000,001           | to 1,005,000 | 1,004,500        |
| 1                 | 1,005,001           | to 1,010,000 | 1,010,000        |
| 1                 | 1,070,001           | to 1,075,000 | 1,073,000        |
| 1                 | 1,080,001           | to 1,085,000 | 1,081,333        |
| 1                 | 1,090,001           | to 1,095,000 | 1,092,500        |
| 1                 | 1,095,001           | to 1,100,000 | 1,100,000        |

# Pattern of Unit Holding

As of June 30, 2020

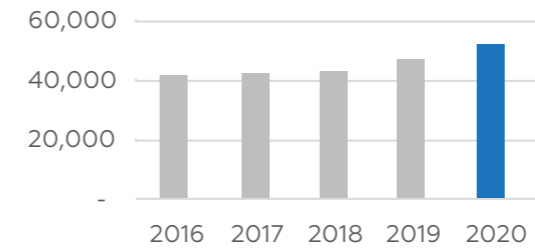
| # Of Unit holders | Unit Holding's Slab |                  | Total Units Held     |
|-------------------|---------------------|------------------|----------------------|
| 2                 | 1,195,001           | to 1,200,000     | 2,400,000            |
| 1                 | 1,225,001           | to 1,230,000     | 1,230,000            |
| 1                 | 1,230,001           | to 1,235,000     | 1,233,000            |
| 1                 | 1,255,001           | to 1,260,000     | 1,255,500            |
| 1                 | 1,285,001           | to 1,290,000     | 1,289,000            |
| 1                 | 1,405,001           | to 1,410,000     | 1,410,000            |
| 1                 | 1,460,001           | to 1,465,000     | 1,464,000            |
| 1                 | 1,495,001           | to 1,500,000     | 1,500,000            |
| 1                 | 1,555,001           | to 1,560,000     | 1,558,333            |
| 1                 | 1,630,001           | to 1,635,000     | 1,630,500            |
| 1                 | 1,755,001           | to 1,760,000     | 1,756,500            |
| 1                 | 1,880,001           | to 1,885,000     | 1,880,500            |
| 1                 | 1,905,001           | to 1,910,000     | 1,909,000            |
| 1                 | 1,990,001           | to 1,995,000     | 1,991,500            |
| 2                 | 1,995,001           | to 2,000,000     | 4,000,000            |
| 1                 | 2,025,001           | to 2,030,000     | 2,025,500            |
| 1                 | 2,045,001           | to 2,050,000     | 2,045,500            |
| 1                 | 2,120,001           | to 2,125,000     | 2,120,500            |
| 1                 | 2,495,001           | to 2,500,000     | 2,500,000            |
| 1                 | 2,585,001           | to 2,590,000     | 2,586,500            |
| 1                 | 2,590,001           | to 2,595,000     | 2,591,318            |
| 1                 | 2,595,001           | to 2,600,000     | 2,600,000            |
| 1                 | 2,610,001           | to 2,615,000     | 2,612,000            |
| 1                 | 2,760,001           | to 2,765,000     | 2,764,000            |
| 1                 | 3,205,001           | to 3,210,000     | 3,207,649            |
| 1                 | 3,640,001           | to 3,645,000     | 3,642,000            |
| 1                 | 3,855,001           | to 3,860,000     | 3,858,227            |
| 1                 | 4,145,001           | to 4,150,000     | 4,147,000            |
| 1                 | 4,340,001           | to 4,345,000     | 4,342,833            |
| 1                 | 4,625,001           | to 4,630,000     | 4,626,500            |
| 2                 | 4,995,001           | to 5,000,000     | 10,000,000           |
| 1                 | 5,595,001           | to 5,600,000     | 5,600,000            |
| 1                 | 6,855,001           | to 6,860,000     | 6,860,000            |
| 1                 | 7,480,001           | to 7,485,000     | 7,484,400            |
| 1                 | 7,735,001           | to 7,740,000     | 7,740,000            |
| 1                 | 8,495,001           | to 8,500,000     | 8,500,000            |
| 1                 | 8,995,001           | to 9,000,000     | 9,000,000            |
| 1                 | 12,995,001          | to 13,000,000    | 13,000,000           |
| 1                 | 17,910,001          | to 17,915,000    | 17,912,437           |
| 1                 | 30,450,001          | to 30,455,000    | 30,454,500           |
| 1                 | 35,415,001          | to 35,420,000    | 35,417,833           |
| 1                 | 37,335,001          | to 37,340,000    | 37,337,500           |
| 1                 | 41,440,001          | to 41,445,000    | 41,441,000           |
| 1                 | 41,685,001          | to 41,690,000    | 41,690,000           |
| 1                 | 50,785,001          | to 50,790,000    | 50,790,000           |
| 1                 | 52,750,001          | to 52,755,000    | 52,750,950           |
| 1                 | 1,667,770,001       | to 1,667,775,000 | 1,667,775,000        |
| <b>4042</b>       |                     |                  | <b>2,223,700,000</b> |

# Financial Highlights

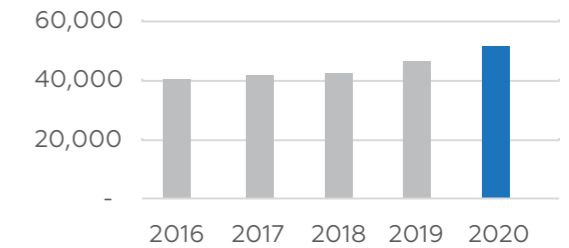
|   | 30-Jun-20     | 30-Jun-19     | 30-Jun-18     | 30-Jun-17     | 30-Jun-16     | 30-Jun-15<br>(Based on one month operations) |
|---|---------------|---------------|---------------|---------------|---------------|--|
| <b>Profitability</b>                            |               |               |               |               |               |  |
| Net Profit Margin (Annualized Return for FY 15) | 86.63%        | 85.45%        | 85.13%        | 85.79%        | 87.04%        | 90.69%                                       |
| Return on total assets                          | 15.60%        | 14.61%        | 11.76%        | 8.93%         | 43.40%        | 8.78%  |
| Return on Unitholders' fund                     | 15.83%        | 14.86%        | 11.97%        | 9.07%         | 44.07%        | 8.99%  |
| <b>Liquidity</b>                                |               |               |               |               |               |  |
| Current ratio (in times)                        | 2.96          | 3.51          | 3.41          | 7.56          | 9.86          | 4.74   |
| Cash to current liabilities                     | 2.03          | 2.75          | 2.68          | 6.76          | 6.50          | 4.41   |
| <b>Market Ratios</b>                            |               |               |               |               |               |  |
| Dividend payout ratio                           | 104.54%       | 96.73%        | 96.12%        | 98.12%        | 100.00%       | 100.00%                                      |
| Dividend Yield (at par @ Rs.10 per unit)        | 12.50%        | 13.20%        | 12.00%        | 11.50%        | 10.40%        | 0.76%  |
| Dividend Yield (as IPO strike @ Rs.11 per unit) | 11.36%        | 12.00%        | 10.91%        | 10.45%        | 9.45%         | 0.69%  |
| P/E Ratio (in times)                            | 2.98          | 3.29          | 5.67          | 6.95          | 1.36          | 144.69                                       |
| <b>Valuation</b>                                |               |               |               |               |               |  |
| Earning per unit - Basic and diluted (PKR)      | 3.65          | 3.09          | 2.27          | 1.70          | 7.98          | 0.08   |
| Net asset value per unit (PKR)                  | 23.06         | 20.79         | 18.99         | 18.77         | 18.11         | 10.20  |
| No. of ordinary units                           | 2,223,700,000 | 2,223,700,000 | 2,223,700,000 | 2,223,700,000 | 2,223,700,000 | 2,223,700,000                                |
| <b>Trends (PKR '000)</b>                        |               |               |               |               |               |  |
| Management fee                                  | 77,054        | 90,415        | 83,194        | 77,459        | 69,575        | 5,300  |
| Trustee fee                                     | 12,842        | 15,069        | 13,866        | 12,910        | 11,596        | 907  |
| Net Operating Income                            | 2,568,467     | 3,013,838     | 2,772,936     | 2,581,957     | 2,319,176     | 181,325                                      |
| Profit before and after taxation                | 8,117,883     | 6,869,588     | 5,055,268     | 3,787,120     | 17,742,638    | 169,977                                      |
| Unit Capital                                    | 22,237,000    | 22,237,000    | 22,237,000    | 22,237,000    | 22,237,000    | 22,237,000                                   |
| Unitholders' fund                               | 51,282,373    | 46,233,196    | 42,232,181    | 41,735,498    | 40,261,026    | 22,688,323                                   |
| Total assets                                    | 52,034,420    | 47,022,210    | 42,998,020    | 42,399,852    | 40,885,917    | 23,218,502                                   |

# Financial Highlights

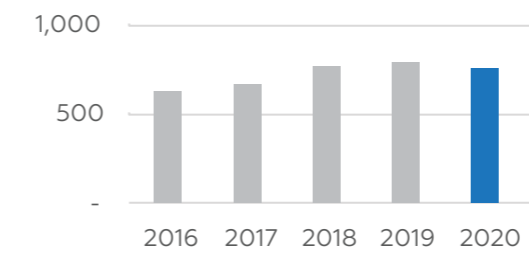
**TOTAL ASSETS**  
Rupees in Million



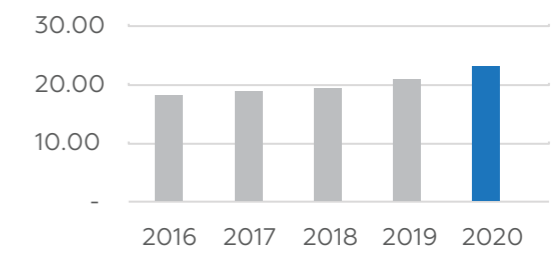
**UNIT HOLDERS' FUND**  
Rupees in Million



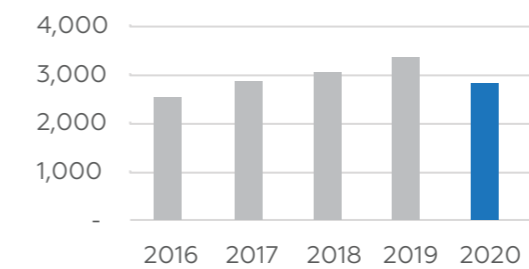
**TOTAL LIABILITIES**  
Rupees in Million



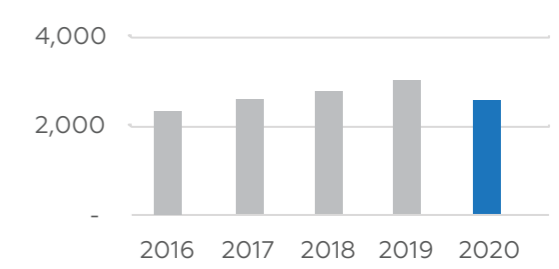
**NET ASSET VALUE**  
Rupees



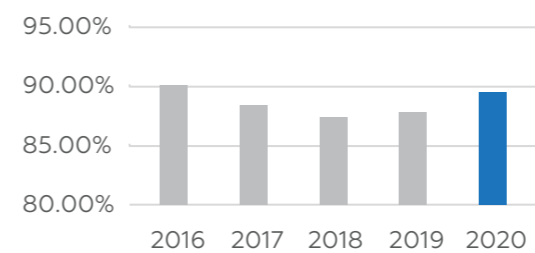
**RENTAL INCOME**  
Rupees in Million



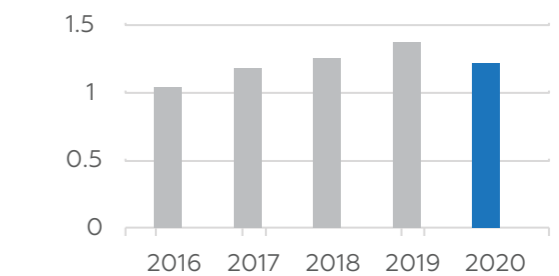
**NET OPERATING INCOME**  
Rupees in Million



**NET OPERATING MARGIN**  
Percentage



**EPU - DISTRIBUTABLE INCOME**  
Rupees





**(VALUER DECLARATION UNDER AMMENDED REIT REGULATIONS & AMMENDMENT-2018)**

Date: August 18, 2020

**DECLARATION**

I, Engr. Musab Fayyaz, of Tristar International Consultants (Pvt.) Limited carried out a valuation of "Dolmen City Mall and Harbour Front" Constructed on Plot No. HC-3, Situated at Block No: 04, Scheme No: 05, Marine Drive, Clifton, Karachi for the period of July 2019 to June-2020 Valuation Report of M/s Arif Habib Dolmen REIT properties, and ensure that:

1. The valuation methodology adopted by it is in line with best practices prevalent in the real estate industry;
2. The valuation is carried objectively and independent of its business or commercial relationships;
3. We remained impartial while rendering professional services;
4. We performed the obligations with competence, integrity and professionalism;
5. We conform to the valuation standards prescribed by International valuation Standards Council (IVSe) to the extent possible and certify the same in the valuation report and any departure from said standards is fully explained in the valuation report.

DECLARED BY:

Engr. Musab Fayyaz

WITNESSED BY:

Mr. Arif Abbas

Resident Director

Date: August 18, 2020.



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Cell: 0322-5300000, 0322-5480000 Email : ibrahimamin@live.com  
KARACHI OFFICE : Room # 100, 3rd Floor, Wazir Mension, Aiwan-e-Tijarat Road, Karachi. Phone : 021-32421577  
HYDERABAD OFFICE : Off. # 01, G.G. Gight Main Sadar Cantt. Dr. Line Hyderabad,  
SUKKUR OFFICE : C/2, Mnazi Gah Road, Near Tameer-no High School, Sukkur.  
MULTAN OFFICE : Room No. 208, 2nd Floor Mall Plaza, Multan Cantt. Cell: 0300-5558762  
FAISALABAD OFFICE : Room No. 4, 5th Floor, Rizwan Plaza Opp. Account Office, Circular Road, Faisalabad. Ph : 041-2601415  
GUJRANWALA OFFICE : Room No. 1, Mini Market, Madina Road, Near GPO People Colony, Gujranwala.  
RAWALPINDI OFFICE : Off. # 6, Block F, Fuji Colony, Qasim Market, Rawalpindi. Ph : 051-2547790  
ABBOTTABAD OFFICE : Noor Mang Dakkhana Khas Tehsil District Abbottabad.  
QUETTA OFFICE : Room # 1, First Floor, Kasi Plaza, Zargoan Road, Quetta.

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE UNIT HOLDERS' OF DOLMENT CITY REIT

#### Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Arif Habib Dolmen REIT Management Limited** ("the REIT Management Company" or "RMC") for and on behalf of Dolmen City REIT ("Scheme") for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the RMC of the Scheme. Our responsibility is to review whether the Statement of Compliance reflects the status of the Scheme's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the RMC's personnel and review of various documents prepared by the RMC to comply with the Regulations.

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the RMC's corporate governance procedures and risks.

The Regulations requires the RMC to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Scheme's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Scheme for the year ended June 30, 2020.

*Deloitte Yousuf Adil*  
Chartered Accountants

**Place:** Karachi  
**Date:** October 08, 2020

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

Name of Company: Arif Habib Dolmen REIT Management Limited (Company)  
Year ended: June 30, 2020

The company has complied with the requirement of the Regulation in the following manner:

1. The total number of directors are 8 (eight) as per the following:
  - a) Male: 7 members
  - b) Female: 1 member
2. The composition of the Board of Directors ('the Board') board is as follows:
 

| Category                               | Names   |
|--|---|
| Non-Executive Director                 | Mr. Nasim Beg - Chairman<br>Mr. Nadeem Riaz<br>Mr. Abdus Samad A. Habib<br>Mr. Faisal Nadeem<br>Mr. Sajidullah Sheikh |
| Independent Director                   | Mr. Qamar Hussain<br>Mr. Naeem Ilyas  |
| Female Director (Independent Director) | Ms. Tayyaba Rasheed   |
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The board has ensured that a complete record of particulars of the significant policies along with the date of approval or updating is maintained by the Company.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Companies Act 2017, REIT Regulations 2015 and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Companies Act 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act 2017 and the Regulations.

Six directors have a certification under Directors' Training Program, one director of the Company are exempt from the requirement of Directors' Training Program;

Following newly appointed director will undergo with the Directors' Training Program certification within the time period prescribed in these in Regulations:

1. Mr. Naeem Ilyas

9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations, however, no such new appointment has been made during the year

10. The Chief Financial officer and Chief Executive officer duly endorsed the financial statements before approval of the Board.

11. The board has formed committees comprising of members given below:

**a) Audit Committee**

Mr. Qamar Hussain Chairman  
 Mr. Naeem Ilyas Member  
 Mr. Abdus Samad A. Habib Member

The Company secretary is also serving as the secretary of the audit committee

**b) Human Resource & Remuneration Committee**

Ms. Tayyaba Rasheed Chairperson  
 Mr. Faisal Nadeem Member  
 Mr. Abdus Samad A. Habib Member  
 Mr. Muhammad Ejaz Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee: 4 meetings
- b) Human Resource & Remuneration Committee: 1 meeting

14. The board has outsourced the internal audit function to M/s. Junaidy Shoaib Asad & Co Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

17. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

| S. No | Requirement  | Explanation for not meeting non - mandatory requirements                   | Regulation No. |
|-------|--|--|----------------|
| 1.    | Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company. | This matter is explained in point number 19 (see below) of this statement. | 24             |

19. We confirm that all other requirements of the Regulations have been complied. However the requirement that the position of Chief Financial officer and Company Secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('Regulations') allowed the Companies to either comply or explain the reason otherwise. Therefore, the Company has adopted explanation approach as the management is of the view, that the current CFO and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost effective measure that is in the better interest of the shareholders of the Company, therefore hiring a separate person for both position is not feasible.

For and behalf of the board.



**Nasim Beg**  
Chairman

Date: 18<sup>th</sup> September 2020

Following is the key audit matter:

| S. No. | Key audit matter  | How the matter was addressed in our audit  |
|--------|---|--|
| 1      | <p><b>Valuation of investment property</b><br/>(Refer notes 3.1 and 4 to the annexed financial statements)</p> <p>Investment property amounted to Rs. 50,13.476 million as at June 30, 2020.</p> <p>The total amount of investment properties is the most significant account balance on the statement of financial position.</p> <p>The Scheme's investment property comprise of the Dolmen City Mall and the Harbor Front (the properties).</p> <p>The Scheme's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuer (the "management expert") with the changes in fair value recognized in the statement of profit or loss.</p> <p>The management expert under REIT Regulations, 2015 is also required to carry out valuation on three approaches and explicitly state the approach that is most appropriate for the Scheme. The management expert has stated that Income Capitalisation Approach – on projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area" is the most appropriate approach used for valuation."</p> <p>The valuations are dependent on significant unobservable inputs that involve management's significant judgment. Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in Note 4 to the financial statements.</p> | <p>Our audit procedures included the following Valuation was assessed by:</p> <ul style="list-style-type: none"> <li>evaluates the design and implementation of key controls around hiring of management's expert and also for review of work performed by valuer;</li> <li>Obtained the Board of Directors' approval on the significant unobservable inputs and estimates used by the management's expert for the Investment Property's valuation.</li> <li>evaluated the competence, capabilities and objectivity of the management expert;</li> <li>assessed the accuracy and completeness of the source data provided to the management's expert, and ensuring its completeness and accuracy;</li> <li>obtained the valuation report and employing the services of auditor's expert for assessing the reasonableness of the significant unobservable inputs and estimates used by the management's expert and employed the services of auditor's expert for desktop review of the valuation report of management's expert assessing whether the valuation approach recommended by management's expert represents the most appropriate approach; and</li> <li>considered the adequacy of disclosures and amounts recognised in respect of investment properties in the financial statements.</li> </ul> |

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report of the Scheme for the year ended June 30, 2020, but does not include the financial statements and our auditor's report thereon.

**INDEPENDENT AUDITOR'S REPORT**

**TO THE UNIT HOLDERS OF DOLMENT CITY REIT**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of **Dolmen City REIT** (the Scheme), which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss, statement of comprehensive income, the statement of changes in unit holders' fund; the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Scheme's affairs as at June 30, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Scheme's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Scheme as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Scheme's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Scheme and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is *Nadeem Yousuf Adil*.

*Nadeem Yousuf Adil*  
Chartered Accountants

Place: Karachi  
Date: October 08, 2020

# Financial Statements

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

|  | Note | 30 June<br>2020<br>(Rupees in '000') | 30 June<br>2019   |
|--|------|--------------------------------------|-------------------|
| <b>ASSETS</b>  |      |                                      |                   |
| <b>Non-Current Assets</b>  |      |                                      |                   |
| Total non-current assets - Investment property                         | 4    | 50,413,476                           | 44,954,466        |
| <b>Current Assets</b>  |      |                                      |                   |
| Rent receivables   | 5    | 213,987                              | 150,171           |
| Short term deposit, prepayments and other assets                       | 6    | 282,859                              | 285,127           |
| Profit accrued   |      | 10,736                               | 13,091            |
| Short-term Investment  | 7    | 766,000                              | 1,299,182         |
| Bank balances  | 8    | 347,362                              | 320,173           |
| <b>Total current assets</b>  |      | <b>1,620,944</b>                     | <b>2,067,744</b>  |
| <b>Total Assets</b>  |      | <b>52,034,420</b>                    | <b>47,022,210</b> |
| <b>REPRESENTED BY:</b>   |      |                                      |                   |
| <b>Unit holders' fund</b>  |      |                                      |                   |
| Issued, subscribed and paid up<br>(2,223,700,000 units of Rs. 10 each) | 9    | 22,237,000                           | 22,237,000        |
| <b>Reserves</b>  |      | <b>29,045,373</b>                    | <b>23,996,196</b> |
| <b>Total Unit Holders' Fund</b>  |      | <b>51,282,373</b>                    | <b>46,233,196</b> |
| <b>LIABILITIES</b>   |      |                                      |                   |
| <b>Non-Current Liabilities</b>   |      |                                      |                   |
| Security deposits  | 11   | 204,398                              | 200,469           |
| <b>Current Liabilities</b>   |      |                                      |                   |
| Payable to REIT management company                                     | 12   | 8,339                                | 77,499            |
| Security deposits  | 11   | 198,348                              | 135,299           |
| Accrued expenses and other liabilities                                 | 13   | 325,759                              | 360,359           |
| Unclaimed dividend   |      | 15,203                               | 15,388            |
| <b>Total current liabilities</b>                                       |      | <b>547,649</b>                       | <b>588,545</b>    |
| <b>Total Unit Holders' Fund and Liabilities</b>                        |      | <b>52,034,420</b>                    | <b>47,022,210</b> |
|  |      | <b>(Rupees)</b>                      |                   |
| <b>Net assets value per unit</b>                                       |      | <b>23.06</b>                         | <b>20.79</b>      |

### CONTINGENCIES AND COMMITMENTS

14

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

Chief Financial Officer

Chief Executive Officer

Director

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

|  | Note | 30 June<br>2020<br>(Rupees in '000') | 30 June<br>2019  |
|--|------|--------------------------------------|------------------|
| <b>INCOME</b>  |      |                                      |                  |
| Rental income  |      | 2,813,561                            | 3,344,499        |
| Marketing income   |      | 151,400                              | 182,606          |
|  |      | <b>2,964,961</b>                     | <b>3,527,105</b> |
| Administrative and operating expenses                                    | 15   | (396,494)                            | (513,267)        |
| <b>Net operating income</b>  |      | <b>2,568,467</b>                     | <b>3,013,838</b> |
| Other income - profit on deposits  |      | 191,989                              | 139,613          |
|  |      | <b>2,760,456</b>                     | <b>3,153,451</b> |
| Management fee   | 12.1 | (77,054)                             | (90,415)         |
| Sindh sales tax on management fee  | 12.1 | (10,017)                             | (11,754)         |
| Trustee remuneration   | 13.1 | (12,842)                             | (15,069)         |
| Sindh sales tax on trustee remuneration                                  | 13.1 | (1,670)                              | (1,959)          |
|  |      | <b>(101,583)</b>                     | <b>(119,197)</b> |
| <b>Profit Before Change In Fair Value Of Investment Property</b>         |      | <b>2,658,873</b>                     | <b>3,034,254</b> |
| Change in fair value of investment property / unrealised gain            | 4    | 5,459,010                            | 3,835,334        |
| <b>Profit Before Taxation</b>  |      | <b>8,117,883</b>                     | <b>6,869,588</b> |
| Taxation   | 16   | -                                    | -                |
| <b>Profit After Taxation</b>   |      | <b>8,117,883</b>                     | <b>6,869,588</b> |
|  |      | <b>(Rupees)</b>                      |                  |
| Earnings per unit - Distributable income                                 |      | 1.20                                 | 1.36             |
| Earnings per unit - Undistributable income / Unrealised fair value gains |      | 2.45                                 | 1.72             |
| <b>Earnings per unit - Basic and diluted</b>                             | 18   | <b>3.65</b>                          | <b>3.09</b>      |

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

Chief Financial Officer

Chief Executive Officer

Director

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2020

|  | 30 June<br>2020   | 30 June<br>2019 |
|--|-------------------|-----------------|
|  | (Rupees in '000') |                 |
| <b>Profit After Taxation</b>                   | <b>8,117,883</b>  | 6,869,588       |
| Other comprehensive income                     | -                 | -               |
| <b>Total comprehensive income for the year</b> | <b>8,117,883</b>  | 6,869,588       |

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

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2020

|  | 30 June<br>2020    | 30 June<br>2019 |
|--|--------------------|-----------------|
|  | (Rupees in '000')  |                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                    |                 |
| <b>Profit before tax</b>   | <b>8,117,883</b>   | 6,869,588       |
| Adjustments for:   |                    |                 |
| Change in fair value of investment property / Unrealised gain          | <b>(5,459,010)</b> | (3,835,334)     |
| Other income - profit on deposits                                      | <b>(191,989)</b>   | (139,613)       |
| Provision against rent receivables                                     | <b>8,522</b>       | 6,964           |
|  | <b>2,475,406</b>   | 2,901,605       |
| <b>Working capital changes</b>   |                    |                 |
| Increase in current assets   |                    |                 |
| - Rent receivables   | <b>(72,338)</b>    | (29,087)        |
| - Short term deposits, prepayments and other assets                    | -                  | (15,226)        |
| Increase / (decrease) in current liabilities                           |                    |                 |
| - Payable to the REIT management company                               | <b>(18,821)</b>    | (4,193)         |
| - Security deposit received - net                                      | <b>66,978</b>      | 35,989          |
| - Accrued expenses and other liabilities                               | <b>(34,600)</b>    | 43,134          |
| Cash generated from operations   | <b>2,416,625</b>   | 2,932,222       |
| Taxes paid (withheld at source)  | <b>2,268</b>       | (5,360)         |
| Formation costs paid   | <b>(50,339)</b>    | (50,339)        |
| <b>Net cash generated from operations</b>                              | <b>2,368,554</b>   | 2,876,523       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                            |                    |                 |
| Profit on deposits received  | <b>194,344</b>     | 133,031         |
| <b>Net cash generated from investing activities</b>                    | <b>194,344</b>     | 133,031         |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                             |                    |                 |
| <b>Net cash used in financing activities - Dividend paid</b>           | <b>(3,068,891)</b> | (2,869,989)     |
| Net (decrease) / increase in cash and cash equivalents during the year | <b>(505,993)</b>   | 139,565         |
| Cash and cash equivalents at beginning of the year                     | <b>1,619,355</b>   | 1,479,790       |
| Cash and cash equivalents at end of the year                           | <b>1,113,362</b>   | 1,619,355       |

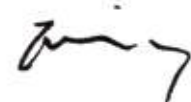
The annexed notes from 1 to 26 form an integral part of these financial statements.



Chief Financial Officer



Chief Executive Officer



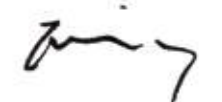
Director



Chief Financial Officer



Chief Executive Officer



Director

## STATEMENT OF CHANGES IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2020

|   | Units             | Reserves                                       |                                      |                          | Total Reserves    | Unit holders' fund |
|---|-------------------|--|--------------------------------------|--------------------------|-------------------|--------------------|
|   |                   | Capital Reserves                               |                                      | Revenue Reserves         |                   |                    |
|   |                   | Premium on<br>issue of units - net<br>Note 10. | Fair Value<br>Reserve<br>Note 18.1.1 | Unappropriated<br>profit |                   |                    |
| (Rupees in '000)  |                   |  |                                      |                          |                   |                    |
| <b>Balance as at 30 June 2018</b>   | 22,237,000        | 281,346  | 18,882,132                           | 831,703                  | 19,995,181        | 42,232,181         |
| <b>Transactions with owners</b>   |                   |  |                                      |                          |                   |                    |
| Cash dividend for the year ended<br>30 June 2018 (Re. 0.30 per unit)        | -                 | -  | -                                    | (667,110)                | (667,110)         | (667,110)          |
| Cash dividend for the period ended<br>30 September 2018 (Re. 0.33 per unit) | -                 | -  | -                                    | (733,821)                | (733,821)         | (733,821)          |
| Cash dividend for the period ended<br>31 December 2018 (Re. 0.33 per unit)  | -                 | -  | -                                    | (733,821)                | (733,821)         | (733,821)          |
| Cash dividend for the period ended<br>31 March 2019 (Re. 0.33 per unit)     | -                 | -  | -                                    | (733,821)                | (733,821)         | (733,821)          |
|   | -                 | -  | -                                    | (2,868,573)              | (2,868,573)       | (2,868,573)        |
| <b>Total comprehensive income for the year-</b>                             |                   |  |                                      |                          |                   |                    |
| <b>Profit for the year</b>  | -                 | -  | 3,835,334                            | 3,034,254                | 6,869,588         | 6,869,588          |
| <b>Balance as at 30 June 2019</b>   | <b>22,237,000</b> | <b>281,346</b>                                 | <b>22,717,466</b>                    | <b>997,384</b>           | <b>23,996,196</b> | <b>46,233,196</b>  |
| <b>Transactions with owners</b>   |                   |  |                                      |                          |                   |                    |
| Cash dividend for the year ended<br>30 June 2019 (Re. 0.33 per unit)        | -                 | -  | -                                    | (733,821)                | (733,821)         | (733,821)          |
| Cash dividend for the period ended<br>30 September 2019 (Re. 0.35 per unit) | -                 | -  | -                                    | (778,295)                | (778,295)         | (778,295)          |
| Cash dividend for the period ended<br>31 December 2019 (Re. 0.35 per unit)  | -                 | -  | -                                    | (778,295)                | (778,295)         | (778,295)          |
| Cash dividend for the period ended<br>31 March 2020 (Re. 0.35 per unit)     | -                 | -  | -                                    | (778,295)                | (778,295)         | (778,295)          |
|   | -                 | -  | -                                    | (3,068,706)              | (3,068,706)       | (3,068,706)        |
| <b>Total comprehensive income for the year-</b>                             |                   |  |                                      |                          |                   |                    |
| <b>Profit for the year</b>  | -                 | -  | 5,459,010                            | 2,658,873                | 8,117,883         | 8,117,883          |
| <b>Balance as at 30 June 2020</b>   | <b>22,237,000</b> | <b>281,346</b>                                 | <b>28,176,476</b>                    | <b>587,551</b>           | <b>29,045,373</b> | <b>51,282,373</b>  |

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



Chief Financial Officer



Chief Executive Officer



Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 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; and is governed under the Real Estate Investment Trust Regulations, 2015 (REIT Regulations, 2015), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (SECP).

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-end, Shariah Compliant, Rental REIT. The Scheme is listed on Pakistan Stock Exchange. The Scheme is rated "AAA(rr)" by VIS Credit Rating Company Limited. 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 during the year ended 30 June 2020 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principles of Shariah.

**1.2** The Scheme is the subsidiary of International Complex Projects Limited (ICPL). As at 30 June 2020, ICPL directly holds 75 percent units of the Scheme. The Scheme started its commercial activities on 01 June 2015.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) 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 2015 (the REIT Regulations) and requirements of the Trust Deed.

Where the provisions of and directives issued under the Companies Act, 2017, Part VIII of the repealed Companies Ordinance, 1984, REIT Regulations 2015 and requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, REIT Regulations and requirements of the Trust Deed have been followed.

#### 2.2 Basis of measurement

These financial statements have been prepared on the basis of 'historical cost convention' except for investment property which is stated at fair value.

#### 2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees which is the Scheme's functional and presentation currency and have been rounded off to the nearest thousand except otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 2.4 Use of significant estimates and judgments

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Scheme's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively. Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years related to:

- Valuation of investment property (note 3.1 & note 4) - the valuation involves management's assumptions regarding unobservable inputs which depends on future business and economic conditions and other assumptions, such as rental rates, future rental waivers / discounts, realisability of contractual escalations in the rent, expected rent of vacant area, expected operating and administrative expenses, Government policy rates, Government regulations, levies and taxes, inflation, exchange rates, etc.;
- Impairment of rent receivables (note 3.53 and note 5) - When measuring Expected Credit Loss (ECL) for rent receivables, the Scheme uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive taking into account cash flows from collateral and integral credit enhancements.

### 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 30 June 2020

The following standards, amendments and interpretations are either not relevant to the Scheme's operations or are not expected to have significant impact on the Scheme's financial statements other than certain additional disclosures:-

- Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures.
- Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation.
- IFRS 14 – Regulatory Deferral Accounts - Specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.
- IFRS 16 'Leases' - This standard superseded IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.
- IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Certain annual improvements have also been made to a number of IFRSs.

### 2.6 New standards, interpretations and amendments to published accounting and reporting standards that are not effective for the year ended June 30, 2020

The following standards, interpretations and amendments to accounting and reporting standards would be effective for accounting periods, beginning on or after the date mentioned against each of them.

Effective from accounting

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

period beginning on or after

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards January 01, 2020
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2023
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures and IFRS 9 'Financial Instruments' – regarding Interest rate benchmark reform January 01, 2020
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions January 01, 2020
- Amendments to IFRS 3 'Business Combinations' - Amendment in the definition of business January 01, 2020
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract January 01, 2022

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

### 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below, which have been consistently applied to all the periods presented.

#### 3.1 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at purchase cost on initial recognition including cost directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognised in statement of profit or loss.

The Scheme determines the fair value of its investment property after every six months by a qualified valuer fulfilling the minimum criteria stated by the REIT Regulations, 2015. The valuer under REIT Regulations, 2015 is also required to carry out valuation on three approaches and explicitly state the approach that is most appropriate for the Scheme. The valuer has stated that Income Capitalisation Approach - "Projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area" is the most appropriate / relevant approach used for income producing properties i.e. rental properties.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

probable that the future economic benefits associated with the items will flow to the Scheme and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to statement of profit or loss in the period in which they are incurred.

### 3.2 Financial assets

Financial assets are recognised in the Scheme's statement of financial position when the Scheme becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

#### (i) Amortised cost and effective interest method

The effective interest method is a method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost (net carrying amount) of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Scheme recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

#### Derecognition of financial assets:

The Scheme derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Scheme neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Scheme recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Scheme retains substantially all the risks and rewards of ownership of a transferred financial asset, the Scheme continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

### 3.3 Financial liabilities

Financial liabilities includes security deposits, trade payables, accrued and other liabilities and are recognised at the time when the Scheme becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

### 3.4 Provisions

Provisions are recognised when the Scheme has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

### 3.5 Impairment

#### Financial assets

The Scheme recognizes a loss allowance for expected credit losses on rent receivables as well as specific provisioning against trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Scheme recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the regional historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

### Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.6 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances held with banks.

### 3.7 Revenue recognition

Rental income from investment property including incentives is recognised as revenue on a straight line basis over the non-cancellable period of the lease, unless another systematic basis is more representative of the time pattern in which use / benefit derived from the investment property is diminished.

Ancillary and marketing income is recognised when the event is performed.

Profit on bank deposits is recognised on a time proportionate basis using effective yield method.

The Company has determined that the application of IFRS 15 does not have a material impact on recognition of rental income measured under IAS 18.

### 3.8 Taxation

Income of the Scheme is exempt from income tax under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised and 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 Scheme is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Scheme provides for deferred taxation using the statement of financial position liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Scheme also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Scheme has not recognised any amount in respect of taxation in these financial statements as the RMC has distributed more than ninety percent of its accounting income for the current year through distribution of interim dividends during the year and declaration and distribution of final dividend subsequent to year end (refer note 25) and intend to avail the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

### 3.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Scheme intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

### 3.10 Net assets value per unit

The net assets value (NAV) per unit as disclosed on the statement of financial position is calculated by dividing the net assets of the Scheme by the number of units outstanding at the year end.

### 3.11 Earnings per unit

Earnings per unit (EPU) is calculated by dividing the profit or loss attributable to unit holders' of the Scheme by the weighted average number of units outstanding during the year.

### 3.12 Proposed distribution

Distributions are recognised in the period in which such distributions are declared / approved.

|  | Note | 2020<br>(Rupees in '000) | 2019       |
|--|------|--------------------------|------------|
| <b>4. INVESTMENT PROPERTY</b>                                      |      |                          |            |
| Carrying amount at beginning of the year                           | 4.1  | 44,954,466               | 41,119,132 |
| Add: Change in fair value of investment property / unrealised gain |      | 5,459,010                | 3,835,334  |
| Carrying amount at end of the year                                 |      | 50,413,476               | 44,954,466 |

4.1 The Investment property comprise of the buildings named as the "DOLMEN CITY MALL" and the "HARBOUR FRONT", comprising of two Basements (5,285 square feet), Ground floor (187,347 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 Nineteenth 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.

The investment property has been valued by Tristar International Consultant (Private) Limited ('the Valuer') as at 30 June 2020. However, MYK Associates had valued the investment property as at 30 June 2019. The Valuer used all prescribed approaches to value the investment property as per the clause 7 (a) of Schedule VI to the REIT Regulations, 2015. The valuations are summarised below:

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

|   | 2020<br>(Rupees in '000) | 2019       |
|---|--------------------------|------------|
| <b>Cost approach</b>  | <b>29,952,927</b>        | 22,848,894 |
| <b>Sales comparison approach</b>  | <b>63,151,934</b>        | 62,131,590 |
| <b>Income capitalization approach - using capitalization rate of 6% (2019: 7%)</b>                                    |                          |            |
| (a) Valuer's assessment of rental income  | <b>53,719,118</b>        | 45,656,200 |
| (b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area | <b>50,413,476</b>        | 44,954,466 |

The clause 7 (c) of Schedule VI to the REIT Regulations, 2015, states that the Valuer shall provide an explanation of the relative strengths and weakness of various approaches and explicitly state the approach that is most appropriate for the REIT Scheme. Tristar International in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "Income Capitalization Approach" is the most appropriate approach used for income producing properties i.e. rental properties. Tristar International has determined two values under Income Capitalization Approach as stated above, however recommended that the valuation on the projected NOI 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 capitalization approach using 6% capitalisation rate on projected NOI based on the existing rental agreements and expected rent for the vacant area.

The forced sales value of the investment property is assessed to be Rs. 50,521.547 million (30 June 2019: 49,705.272 million).

The fair value measurement for the investment property has been categorised within Level 3 fair value hierarchy which is considered as highest and best use of investment property.

**Sensitivity analysis**

Change in each of the below significant unobservable input would have effect on fair value of investee properties as shown below. The analysis assumes that all other variables remain constant and is performed on the same basis as for 2019.

|  | 2020            |                                       |
|--|-----------------|---------------------------------------|
|  | Change in input | Effect on fair value (Rupees in '000) |
| - Projected income (based on existing leasing contracts) | + 5%            | 2,954,691                             |
| - Projected income (based on existing leasing contracts) | - 5%            | (2,954,691)                           |
| - Projected operating costs                              | + 5%            | (434,017)                             |
| - Projected operating costs                              | - 5%            | 434,017                               |
| - Capitalization rate                                    | + 1%            | (7,201,925)                           |
| - Capitalization rate                                    | - 1%            | 10,082,695                            |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

|  | 2019            |                                       |
|--|-----------------|---------------------------------------|
|  | Change in input | Effect on fair value (Rupees in '000) |
| - Projected income (based on existing leasing contracts) | + 5%            | 2,659,737                             |
| - Projected income (based on existing leasing contracts) | - 5%            | (2,659,737)                           |
| - Projected operating costs                              | + 5%            | (412,014)                             |
| - Projected operating costs                              | - 5%            | 412,014                               |
| - Capitalization rate                                    | + 1%            | (5,619,308)                           |
| - Capitalization rate                                    | - 1%            | 7,492,411                             |

|  | 2020             | 2019 |
|--|------------------|------|
|  | (Rupees in '000) |      |

**5. RENT RECEIVABLES**

**Unsecured**

|                  | Note      | 2020             | 2019     |
|------------------|-----------|------------------|----------|
|                  |           | (Rupees in '000) |          |
| Rent receivables | 5.1 & 5.3 | <b>255,142</b>   | 182,804  |
| Loss allowance   | 5.2       | <b>(41,155)</b>  | (32,633) |
|                  |           | <b>213,987</b>   | 150,171  |

**5.1** The ageing of rent receivables is as follows:

|                   |       | 2020             | 2019    |
|-------------------|-------|------------------|---------|
|                   |       | (Rupees in '000) |         |
| Upto 6 month      | 5.1.1 | <b>110,096</b>   | 120,355 |
| More than 6 month | 5.1.2 | <b>103,891</b>   | 29,816  |
|                   |       | <b>213,987</b>   | 150,171 |

**5.1.1** This includes Rs. 109.146 millions which is past due as at 30 June 2020.

**Past due and impaired**

|                      |                 |          |
|----------------------|-----------------|----------|
| Rent receivables     | <b>41,155</b>   | 32,633   |
| Less: Loss Allowance | <b>(41,155)</b> | (32,633) |
|                      | <b>-</b>        | -        |

**5.1.2** More than six months balances mainly represents sales tax amounts which have not been paid by the tenants due to stay order granted by Honourable High Court of Sindh (SHC). The SHC in its judgment dated August 18, 2017 disposed-off the petitions in the favour of petitioners and struck down the levy on renting of immovable property services. However, Sindh Revenue Board (SRB) has challenged the decision of the (SHC) in the Supreme Court of Pakistan (SCP) which is pending adjudication. Subsequently, through the Sindh Sales Tax on Services (Amendment) Act, 2018 has amended the definition of economic activity by inclusion of "supply of provision of immovable property by way of lease rent, license or other similar arrangement" under the purview of economic activity as defined under SSTA Act, 2011 and has also amended section 84 of the SSTA Act, 2011 to retrospectively apply the aforesaid amendment brought through the Amendment Act, 2018 to provide legal cover to all the notices and proceedings issue or initiated by SRB. The management of RMC based opinion from tax advisors believe that the Amendment Act, 2018 does not address the aspect whether or not renting of immovable property is a 'service' which has been held as 'not a service' by SHC in its decision. Based on above, the management is not charging the SST on invoices to their customers. If such decision of SHC is reversed by SCP than due SST will be recovered accordingly unless directed otherwise by SCP in its order, and the same fact as also been mentioned on the rent invoices.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5.2 The following table shows movement in loss allowance for rent receivables:

|                                   | 2020<br>(Rupees in '000) | 2019          |
|-----------------------------------|--------------------------|---------------|
| Balance as at 01 July 2019        | 32,633                   | 25,669        |
| Provision for the year - net      | 8,522                    | 6,964         |
| <b>Balance as at 30 June 2020</b> | <b>41,155</b>            | <b>32,633</b> |

Expected lifetime credit losses for rent receivables are recognized using the simplified approach. This is based on loss rates calculated from historical and forward-looking data, taking into account the business model, the respective customer and the economic environment of the geographical region. The loss allowance has been determined considering both collectively and individually assessed rent receivables.

The Scheme writes off rent receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

5.3 The balance include receivables of Rs. 1.064 million (2019: 0.7 million) which represents maximum aggregate amount outstanding at any time during the year from associated companies namely International Complex Projects Limited, Retail Avenue (Private) Limited and Sindbad Wonderland (Private) Limited. that represents sales tax amounts which have not been paid by the tenants due to stay order granted by Honourable High Court of Sindh (SHC) as explained above.

| 2020        |                       |                        |                        |                         |                      |
|-------------|-----------------------|------------------------|------------------------|-------------------------|----------------------|
| Not yet due | Past due<br>0-30 days | Past due<br>31-60 days | Past due<br>61-90 days | Past due<br>91-365 days | Past due<br>365 days |
| -           | -                     | 361,329                | -                      | -                       | 702,361              |
| -           | -                     | -                      | -                      | -                       | -                    |
| -           | -                     | 361,329                | -                      | -                       | 702,361              |
| 2019        |                       |                        |                        |                         |                      |
| Not yet due | Past due<br>0-30 days | Past due<br>31-60 days | Past due<br>61-90 days | Past due<br>91-365 days | Past due<br>365 days |
| -           | -                     | -                      | -                      | -                       | 702,361              |
| -           | -                     | -                      | -                      | -                       | -                    |
| -           | -                     | -                      | -                      | -                       | 702,361              |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

|  | 2020<br>(Rupees in '000) | 2019           |
|--|--------------------------|----------------|
| <b>6. SHORT TERM DEPOSIT, PREPAYMENTS AND OTHER ASSETS</b> |                          |                |
| Considered good - Unsecured                                |                          |                |
| Security deposit   | 959                      | 959            |
| Prepayments  | 15,463                   | 15,463         |
| Advance tax  | 266,437                  | 268,705        |
|  | <b>282,859</b>           | 285,127        |
| Considered doubtful - Unsecured                            | 4,728                    | 4,728          |
|  | <b>287,587</b>           | 289,855        |
| Less: Provision for doubtful balances                      | <b>(4,728)</b>           | <b>(4,728)</b> |
|  | <b>282,859</b>           | 285,127        |

### 7. SHORT-TERM INVESTMENTS

These represent term deposit receipts with Islamic banks and carry expected profit rate of 8.10% (2019: 12.50%) per annum with maturity of three months. This includes security deposits received by the Scheme from tenants (Note 11).

|                         | 2020<br>(Rupees in '000) | 2019    |
|-------------------------|--------------------------|---------|
| <b>8. BANK BALANCES</b> |                          |         |
| Saving accounts         | 347,362                  | 320,173 |
| Current accounts        | -                        | -       |
|                         | <b>347,362</b>           | 320,173 |

8.1 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.85% to 7.58% (2019: 2.68% to 9.51%) per annum.

### 9. UNIT HOLDERS' FUND

#### 9.1 Issued, subscribed and paid up units

| Number of units      |                      |                                | 2020<br>(Rupees in '000) | 2019       |
|----------------------|----------------------|--------------------------------|--------------------------|------------|
| 2020                 | 2019                 |                                |                          |            |
| 1,667,775,000        | 1,667,775,000        | Ordinary units of Rs.10/- each | 16,677,750               | 16,677,750 |
| 555,925,000          | 555,925,000          | - fully paid in kind           | 5,559,250                | 5,559,250  |
| <b>2,223,700,000</b> | <b>2,223,700,000</b> | - fully paid in cash           | <b>22,237,000</b>        | 22,237,000 |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 9.2 Patterns of unit holding

|   | 2020       |               | 2019       |               |
|---|------------|---------------|------------|---------------|
|   | Percentage | Units Held    | Percentage | Units Held    |
| International Complex Projects Limited (ICPL) | 75%        | 1,667,775,000 | 75%        | 1,667,775,000 |
| General public / others                       | 25%        | 555,925,000   | 25%        | 555,925,000   |
|   | 100%       | 2,223,700,000 | 100%       | 2,223,700,000 |

### 10. PREMIUM ON ISSUE OF UNITS - NET

This represents premium received amounted to Rs. 555.925 million against units issued to the general public / others at strike price of Rs. 11 per unit, which had been adjusted with formation costs of Rs. 274.579 million during the year ended 30 June 2015 as permitted by section 81 of the Companies Act, 2017.

|                       | Note | 2020<br>(Rupees in '000) | 2019      |
|-----------------------|------|--------------------------|-----------|
| Security deposits     | 11.1 | 402,746                  | 335,768   |
| Less: Current portion |      | (198,348)                | (135,299) |
|                       |      | 204,398                  | 200,469   |

11.1 This represents amounts received from tenants of the investment property as security deposit under tenancy agreements. These are maintained in a separate bank account and invested in term deposit receipts (note 7).

|                                    | Note | 2020<br>(Rupees in '000) | 2019   |
|------------------------------------|------|--------------------------|--------|
| Management fee                     |      | 5,887                    | 22,543 |
| Sindh sales tax                    |      | 2,452                    | 4,617  |
|                                    | 12.1 | 8,339                    | 27,160 |
| Current portion of formation costs | 12.2 | -                        | 50,339 |
|                                    |      | 8,339                    | 77,499 |

12.1 Under the provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding three percent of Net Operating Income (NOI) of the Scheme. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax on the remuneration of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable tax rate is 13% being effective from 1 July 2016.

12.2 This represent amount payable on account of reimbursement of formation costs incurred by RMC to launch the Scheme under the provisions of Trust Deed and Prospectus. This was interest free and paid in installments annually over a period of five years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 13. ACCRUED EXPENSES AND OTHER LIABILITIES

|                                      | Note | 2020<br>(Rupees in '000) | 2019    |
|--------------------------------------|------|--------------------------|---------|
| Trustee remuneration                 | 13.1 | 14,512                   | 17,028  |
| Provision for government levies      |      | 2,265                    | 2,658   |
| Monitoring fee payable to SECP       | 15.1 | 22,237                   | 22,237  |
| Payable to associated undertakings   | 13.2 | 30,401                   | 27,396  |
| Unearned rental income               |      | 93,948                   | 109,719 |
| Sales tax and withholding income tax |      | 44,265                   | 44,895  |
| Federal Excise Duty                  | 13.3 | 11,980                   | 11,980  |
| Accrued expenses                     |      | 97,455                   | 119,066 |
| Shariah advisory fee                 |      | 124                      | 62      |
| Other liabilities                    |      | 8,572                    | 5,318   |
|                                      |      | 325,759                  | 360,359 |

13.1 The Trustee is entitled to an annual remuneration for services rendered upto 0.6% of the annual NOI under the provisions of the REIT Regulations, 2015. however, the Trustee charged annual remuneration at a rate of 0.5% of the annual NOI. The Sindh Government has levied Sindh Sales Tax on the remuneration of the Trustee through Sindh Sales Tax on Services Act 2011, effective from 01 July 2015. The current applicable rate is 13% being effective from 1 July 2016.

### 13.2 Payable to Associated undertakings

|   | 2020<br>(Rupees in '000) | 2019   |
|---|--------------------------|--------|
| - International Complex Projects Limited                            | 1,819                    | 1,819  |
| - Dolmen Real Estate Management (Private) Limited, Property Manager | 28,582                   | 25,577 |
|   | 30,401                   | 27,396 |

13.3 As per the requirement of Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the RMC has been applied. The RMC is of the view that since the remuneration 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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The Sindh Revenue Board and the Federal Board of Revenue have filed appeals before Supreme Court of Pakistan (SCP) against the SHC's decision dated 2 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. 11.980 million (2019: 11.980 million) has been maintained in the Scheme's Financial Statements.

### 14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2020.

### 15. ADMINISTRATIVE AND OPERATING EXPENSES

|                                    | Note | 2020<br>(Rupees in '000) | 2019           |
|------------------------------------|------|--------------------------|----------------|
| SECP monitoring fee                | 15.1 | 22,237                   | 22,237         |
| Property management fee            | 15.2 | 185,053                  | 226,093        |
| Ancillary income collection fee    | 15.2 | 26,236                   | 31,627         |
| Common area maintenance charges    |      | 36,435                   | 10,551         |
| Legal and professional charges     |      | 6,615                    | 6,268          |
| Shariah Advisory Fee               |      | 249                      | 249            |
| Utility expenses                   |      | 1,192                    | 1,592          |
| Marketing expenses                 |      | 37,157                   | 64,688         |
| Takaful fee                        |      | 17,000                   | 17,000         |
| Property and advertisement taxes   |      | 17,927                   | 18,403         |
| Auditor's remuneration             | 15.3 | 2,122                    | 2,020          |
| Renovation expense                 |      | 30,286                   | 100,108        |
| Provision against rent receivables |      | 8,522                    | 6,964          |
| Others                             |      | 5,463                    | 5,467          |
|                                    |      | <b>396,494</b>           | <b>513,267</b> |

**15.1** Under the provisions of REIT Regulations, 2015, the scheme is required to pay an annual fee to SECP equals to 0.10% of initial REIT Fund.

**15.2** Property management fee and ancillary income collection fee charged are by Dolmen Real Estate Management (Private) Limited as a Property Manager.

### 15.3 Auditor's remuneration

|  | 2020<br>(Rupees in '000) | 2019         |
|--|--------------------------|--------------|
| Fee for annual audit                                     | 1,296                    | 1,200        |
| For the review of condensed interim financial statements | 540                      | 500          |
| Fee for review of code of corporate governance           | 81                       | 75           |
| Certifications / others                                  | -                        | 96           |
| Out of pocket expenses                                   | 205                      | 149          |
|  | <b>2,122</b>             | <b>2,020</b> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 16. 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 have distributed more than ninety percent of the Scheme's accounting income for the year as reduced by capital gains (whether realised or unrealised) to its unit holders in the form of cash to avail the exemption through distribution of interim dividends during the year and declaration and distribution of final dividend subsequent to year end (refer note 25). Accordingly, no tax provision has been made in the financial statements for the year ended 30 June 2020.

### 17. 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, Tristar International Consultant (Private) Limited being Valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private) Limited, being Property Manager for rent collection, ancillary income collection and common area maintenance charges, connected person, associated companies, directors and key executives of the RMC, trustee, valuer and promoter of RMC.

The services provided under REIT Regulations or the trust deed or offering document, by the RMC, Trustee, Valuer, Property Manager shall not be deemed related party transaction.

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 Scheme.

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

|  | 2020<br>(Rupees in '000) | 2019   |
|--|--------------------------|--------|
| <b>17.1 TRANSACTION WITH RELATED PARTIES</b>                           |                          |        |
| <b>International Complex Projects Limited (ICPL) - Holding Company</b> |                          |        |
| - Rental income  | 44,759                   | 45,421 |
| - Purchase of equipment for maintenance                                | -                        | 2,032  |
| - Payment against purchase of equipment for maintenance                | 1,194                    | 3,340  |
| - Payment against guarantee commission                                 | -                        | 475    |
| - Reversal of accrual  | 1,205                    | -      |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

|   | 2020<br>(Rupees in '000) | 2019   |
|---|--------------------------|--------|
| <b>Dolmen Real Estate Management (Private) Limited - Associate due to common directorship</b> |                          |        |
| - Common area maintenance charges   | 36,435                   | 10,551 |
| - Expenses incurred on behalf of Scheme   | 2,696                    | 2,595  |
| - Reversal of accrual   | 415                      | -      |
| - Reimbursement of expenses incurred on behalf of Scheme                                      | 1,843                    | 1,759  |
| <b>Retail Avenue (Private) Limited - Associate due to common directorship</b>                 |                          |        |
| - Rental income   | 7,588                    | 8,749  |
| <b>Dolmen (Private) Limited- Associate due to common directorship</b>                         |                          |        |
| - Marketing income  | 1,050                    | -      |
| <b>Sindbad Wonderland (Private) Limited - Associate due to common directorship</b>            |                          |        |
| - Rental income   | 54,194                   | 60,976 |
| <b>MCB - Arif Habib Savings and Investment Limited - Associate due to common directorship</b> |                          |        |
| - Marketing income  | -                        | 356    |
| <b>17.2 BALANCES WITH RELATED PARTIES</b>   |                          |        |
| <b>International Complex Projects Limited</b>   |                          |        |
| - Rent receivable   | 171                      | 171    |
| - Net payable in respect of purchase consideration of investment property                     | 1,819                    | 1,819  |
| - Payable against purchase of equipment for maintenance                                       | 80                       | 2,479  |
| <b>Dolmen Real Estate Management (Private) Limited - Property Manager</b>                     |                          |        |
| - Common area maintenance charges   | 17,348                   | 3,632  |
| - Expenses payable incurred on behalf of Scheme   | 1,649                    | 1,211  |
| - Payable of withheld security deposit of tenants   | 514                      | -      |
| <b>Retail Avenue (Private) Limited</b>  |                          |        |
| - Rent receivable   | 427                      | 66     |
| <b>Sindbad Wonderland (Private) Limited</b>   |                          |        |
| - Rent receivable   | 466                      | 466    |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

|  | 2020<br>(Rupees in '000) | 2019          |
|--|--------------------------|---------------|
| <b>18. EARNINGS PER UNIT - BASIC AND DILUTED</b>   |                          |               |
| Profit after taxation for year   | 8,117,883                | 6,869,588     |
| <b>Number of units</b>   |                          |               |
| Weighted average number of ordinary units during the year  | 2,223,700,000            | 2,223,700,000 |
| <b>(Rupees)</b>  |                          |               |
| Earnings per unit - basic and diluted  | 3.65                     | 3.09          |
| <b>18.1 Earnings per unit comprises as follows:</b>  |                          |               |
| Distributable income - earnings per unit   | 1.20                     | 1.36          |
| Undistributable unrealised fair value gains -earnings per unit   | 2.45                     | 1.72          |
|  | 3.65                     | 3.09          |
| <b>18.1.1</b> Under the provision 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 distributable.  |                          |               |
| <b>19. FINANCIAL RISK MANAGEMENT</b>   |                          |               |
| <b>Risk management framework</b>   |                          |               |
| The Scheme activities exposes it to varying degrees of risk.   |                          |               |
| Risk is inherent in the Scheme's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established in the Scheme's constitutive documents and REIT Regulations, 2015 and directives of the SECP. The Board of Directors of the RMC supervises the overall risk management approach within the Scheme. |                          |               |
| The Scheme has exposure to the following risks from financial instruments:   |                          |               |
| <ul style="list-style-type: none"> <li>- Credit risk</li> <li>- Liquidity risk</li> <li>- Market risk</li> </ul>   |                          |               |
| <b>19.1 Credit risk</b>  |                          |               |
| Credit risk is the risk of a financial loss resulting from the failure of a tenant or counterparty to settle its financial and contractual obligations to the Scheme, as and when they fall due.   |                          |               |

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2020

The maximum exposure to credit risk at the reporting date is:

|                           | 2020<br>(Rupees in '000) | 2019             |
|---------------------------|--------------------------|------------------|
| Rent receivables          | 213,987                  | 150,171          |
| Advances and other assets | 959                      | 959              |
| Profit accrued            | 10,736                   | 13,091           |
| Short-term Investment     | 766,000                  | 1,299,182        |
| Bank balances             | 347,362                  | 320,173          |
|                           | <b>1,339,044</b>         | <b>1,783,576</b> |

The RMC and property manager monitors tenants' balances on an ongoing basis. Credit evaluations are performed by the property manager before lease agreements are entered into with tenants.

Bank balances are held with reputable banks having high quality external credit ratings as follows:

| Bank                            | Rating by | Rating     |           |
|---------------------------------|-----------|------------|-----------|
|                                 |           | Short term | Long term |
| Habib Bank Limited              | VIS       | A-1+       | AAA       |
| Meezan Bank Limited             | VIS       | A-1+       | AA+       |
| Faysal Bank Limited             | VIS       | A-1+       | AA        |
| UBL Ameen Islamic Bank Limited  | VIS       | A-1+       | AAA       |
| Bank Al-Falah Limited           | VIS       | A-1+       | AA+       |
| Habib Metropolitan Bank Limited | PACRA     | A1+        | AA+       |
| Askari Bank Limited             | PACRA     | A1+        | AA+       |
| Allied Bank Limited             | PACRA     | A1+        | AAA       |
| Bank Al-Habib Limited           | PACRA     | A1+        | AA+       |
| Dubai Islamic Bank              | VIS       | A-1+       | AA        |

**19.2 Liquidity risk**

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset.

RMC closely monitors the Scheme's liquidity and cash flow position and it ensures that sufficient level of cash and cash equivalents are maintained by the Scheme to meet its liabilities, as and when they fall due.

**Maturity analysis for financial liabilities**

The table below analyses the Scheme's financial liabilities into relevant maturity groupings based on remaining period at reporting date to the contractual maturity date.

Formation costs payable to REIT management Company  
Payable to REIT management Company  
Security deposits  
Accrued expenses and other liabilities  
Unclaimed dividend

| 2020                         |                        |                |                  |
|------------------------------|------------------------|----------------|------------------|
| Carrying amount              | Contractual Cash flows | up to one year | Two to five year |
| ----- (Rupees in '000) ----- |                        |                |                  |
| -                            | -                      | -              | -                |
| 5,887                        | 5,887                  | 5,887          | -                |
| 402,746                      | 402,746                | 198,348        | 204,398          |
| 150,940                      | 150,940                | 150,940        | -                |
| 15,203                       | 15,203                 | 15,203         | -                |
| <b>574,776</b>               | <b>574,776</b>         | <b>370,378</b> | <b>204,398</b>   |

Formation costs payable to REIT management Company  
Payable to REIT management Company  
Security deposits  
Accrued expenses and other liabilities  
Unclaimed dividend

| 2019                         |                        |                |                  |
|------------------------------|------------------------|----------------|------------------|
| Carrying amount              | Contractual Cash flows | up to one year | Two to five year |
| ----- (Rupees in '000) ----- |                        |                |                  |
| 50,339                       | 50,339                 | 50,339         | -                |
| 22,543                       | 22,543                 | 22,543         | -                |
| 335,768                      | 335,768                | 135,299        | 200,469          |
| 168,808                      | 168,808                | 168,808        | -                |
| 15,388                       | 15,388                 | 15,388         | -                |
| <b>592,846</b>               | <b>592,846</b>         | <b>392,377</b> | <b>200,469</b>   |

**19.3 Market Risk**

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk, currency risk, profit rate risk, and other price risk.

**19.3.1 Currency Risk**

Currency risk is a risk that fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Scheme is not exposed to currency risk as of the reporting date. There are no foreign currency denominated financial instruments held by the Scheme.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 19.3.2 Profit rate risk

Profit rate risk is the risk that fair value or future cash flows of the financial instrument will fluctuate because of change in market profit rates. The scheme does not have any fixed rate financial instrument at fair value through profit or loss, therefore the scheme is not exposed to fair value changes for fixed rate instruments. However the cash and cash equivalents deposited at variable rates expose the Scheme to fluctuations in cash flow due to change in market profit rates. The cash flow sensitivity analysis for variable rate of instrument is depicted below:

#### Cash flow Sensitivity Analysis for variable rate instruments

The following figures demonstrates the sensitivity to a reasonably possible change in profit rates, with all other variables remaining constant, on the Scheme's profit before taxation:

|              | Increase /<br>Decrease in<br>basis points | Effect on Profit<br>Before Taxation<br>(Rupees in '000) |
|--------------|---|---|
| 30 June 2020 | +100                                      | 11,134  |
|              | -100                                      | (11,134)  |
| 30 June 2019 | +100                                      | 16,194  |
|              | -100                                      | (16,194)  |

### 19.3.3 Other price risk

Other price risk includes all other risk other than the profit rate risk and currency risk affecting the fair value or future cash flows of financial instrument because of change in market prices. The Scheme is not exposed to any significant other price risk as of the reporting date.

### 19.4 Unit holders' capital risk management

Management's objective when managing unit holders' funds is to safeguard the Scheme's ability to continue as a going concern so that it can continue to provide optimum returns based on income earned and realised gains as per trust deed to its unit holders and to ensure reasonable safety of unit holders' funds.

The Scheme manages its investment property and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market's conditions. The Scheme is not exposed to externally imposed minimum unit holders' maintenance requirement.

## 20. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Scheme is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

**Level 1 :** Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

**Level 2 :** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3 :** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

Fair value of the investment property is shown under note no.4

### 21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items included in the statement of financial position:

|                      | Note | 2020<br>(Rupees in '000) | 2019             |
|----------------------|------|--------------------------|------------------|
| Shot-term Investment | 7    | 766,000                  | 1,299,182        |
| Saving accounts      | 8    | 347,362                  | 320,173          |
|                      |      | <b>1,113,362</b>         | <b>1,619,355</b> |

### 22. IMPACT OF COVID-19 ON THE COMPANY'S OPERATIONS

In Pakistan, the businesses in general and retail sector in particular is facing an unprecedented challenge arising out of situation due to COVID-19. Initially, it was expected to be a short term aberration. However, the situation has not only persisted for far longer than anticipated but also the associated uncertainties continue unabated. The Government's decision to shut down shopping malls from March 18, 2020 till May 19, 2020, has aggravated the difficulties faced by Mall tenants. These businesses, while complying with the Government's directives have lost their entire revenue stream from these retail outlets. Similarly, amidst this pandemic, a number of office-building tenants are promoting the culture of work- from-home and considering it unsafe to return to office premises as per their health and safety standards. Even when the Malls were allowed to reopen, tenants were not able to restore their businesses fully and their sales were significantly impacted due to curbs and SOP's placed by the provincial government.

The mall management responded by intensifying customer engagement through digital platforms to encourage footfall and retail sales upon reopening with the implementation of prescribed customer safety protocols. Efforts were also intensified to strengthen our valuable, long term tenant relationships by proactively negotiating contracts to support tenant retention in these challenging times. Tenants at both the Dolmen City Mall and the Harbour front office building were provided with rental waivers from month to month after carefully assessing the overall situation.

Rental waivers were provided to tenants of the Mall and Harbour Front as follows:

| Month           | Dolmen Mall Clifton | The Harbour Front |
|-----------------|---------------------|-------------------|
| April 2020      | 100%                | 25%               |
| May 2020        | 100%                | 50%               |
| June 2020       | 55%                 | 50%               |
| July 2020*      | 45%                 | 40%               |
| August 2020*    | 25%                 | 25%               |
| September 2020* | 15%                 | 0%                |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2020

Impact of the rental waive on the financial performance of the scheme is as follows:

| Month           | Loss of revenue in Rupees '000' |
|-----------------|---------------------------------|
| April 2020      | 220,149                         |
| May 2020        | 237,617                         |
| June 2020       | 150,386                         |
| July 2020*      | 133,207                         |
| August 2020*    | 87,598                          |
| September 2020* | 38,294                          |

\* Impact after the month of June 2020 has been shown to reflect future outlook.

As a result of tight control measures, efforts to contain the spread of the virus have been successful enabling businesses to recover quickly. While rent waivers introduced by the management to provide relief to the tenants affected by the slowdown in economy resulted in lower rental income, we view this as an investment and expect more robust performance in the coming quarters. With professional property management, long lease expiries, extensive marketing activities and renowned tenants, we remain confident that Dolmen City will remain the destination of choice for shoppers, retail operators and corporations alike.

### 23. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

### 24. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE SCHEMES FINANCIAL POSITION AND PERFORMANCE

The Scheme had its investment properties revalued by a firm of independent valuers as required by Clause 16 of the REIT Regulations. This resulted in a fair value increase of Rs. 5,459.010 million (Note 4).

### 25. NON ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the RMC in their meeting held on 09 July 2020 have declared and approved a final cash dividend for the year ended 30 June 2020 of Re. 0.20 per unit amounting to Rs. 444.74 million. These financial statements do not include the effect of above announcement which will be accounted for in the period in which it is approved.

### 26. DATE OF AUTHORISATION FOR ISSUE

The financial statements was authorised for issue by the Board of Directors of the Arif Habib Dolmen REIT Management Limited (RMC) on 18<sup>th</sup>, Sep 2020.



Chief Financial Officer



Chief Executive Officer



Director

## بورڈ کی کمیٹیاں

| آڈٹ کمیٹی |                 |
|-----------|-----------------|
| چیرمین    | جناب قمر حسین   |
| ممبر      | جناب صدقہ حبیب  |
| ممبر      | جناب نعیم الیاس |

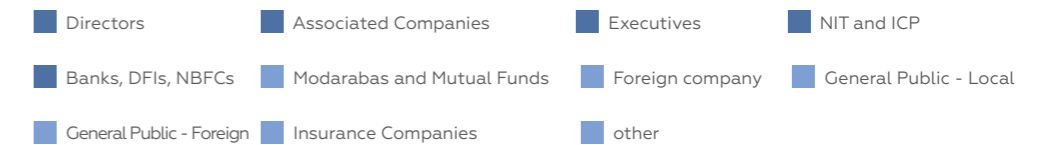
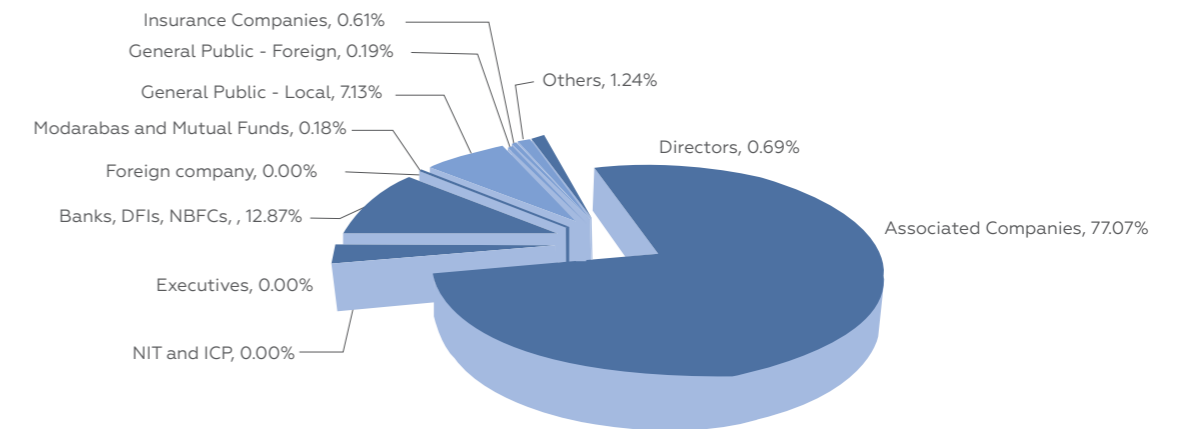
## انسانی وسائل اور معاوضہ کمیٹی

|        |                  |
|--------|------------------|
| چیرمین | محترمہ طیبہ رشید |
| ممبر   | جناب فیصل ندیم   |
| ممبر   | جناب صدقہ حبیب   |
| ممبر   | جناب محمد اعجاز  |

## یونٹ ہولڈنگ کی ساخت

DCR کے یونٹس پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2020 کو DCR کے 4042 یونٹ ہولڈرز تھے۔ یونٹ ہولڈنگ کی تفصیلی ساخت اور DCR کی یونٹ ہولڈنگ کی اقسام بشمول ڈائریکٹران اور ایگزیکٹو اگر کوئی ہوں تو بطور منسلکہ III شامل کی گئی ہیں۔

30 جون 2020 کو DCR کی یونٹ داری کی ساخت اس رپورٹ کے منسلکہ III میں موجود ہے۔



| %      | یونٹوں کی تعداد | یونٹ ہولڈرز کی اقسام  |
|--------|-----------------|-----------------------|
| 0.69%  | 15,410,482      | ڈائریکٹران            |
| 77.07% | 1,713,852,500   | ماحولیہ کمپنیاں       |
| 0.00%  | -               | ایگزیکٹو              |
| 0.00%  | -               | NIT & ICP             |
| 12.78% | 286,174,783     | بینک' NBFCs, DFIs     |
| 0.18%  | 4,057,204       | مضاربہ اینڈ میوچل فنڈ |
| 0.6 %  | 13659018        | انشورنس               |
| -      | -               | غیر ملکی کمپنیاں      |
| -      | -               | عام عوام              |
| 7.13%  | 158,630,365     | - مقامی               |
| 0.19%  | 4,258,500       | - غیر ملکی            |
| 1.24   | 27,657,148      | دیگر                  |
| 100%   | 2,223,700,000   | کل                    |

## مالیاتی اور کاروباری جھلکیاں

اہم کاروباری اور مالیاتی اعداد و شمار مختصراً ”مالیاتی اور کاروباری جھلکیوں“ کی سرخی کے تحت مختلف خاکوں کے ساتھ پیش کئے گئے ہیں۔

## آڈٹ کمیٹی

ادارتی نظم و ضبط کے تحت آڈٹ کمیٹی نے بورڈ کی تعین کردہ ذمہ داریوں کے تحت اپنے فرائض انجام دیئے۔

کے بہاؤ اور NAV میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ ٹیکسوں، ڈیوٹیوں، محصولات یا دیگر کی مد میں کوئی قابل ذکر رقم واجب الادا نہیں ہے۔

ضابطہ کی پاسداری کے تحت بورڈ اس بات کا اعادہ کرتا ہے کہ DCR کے چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے اور ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل ذکر انحراف نہیں ہوا۔

DCR کی ہمیشہ کوشش رہی ہے کہ بہتر ادارتی نظم و ضبط کے لئے شفاف اور درست طور طریقے اختیار کرے۔

### ڈائریکٹران اور اعلیٰ انتظامی عہدیداران کی اسکیم کے حصص میں خرید و فروخت

DCR کے حصص میں RMC کے ڈائریکٹران، چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران نے خرید و فروخت کی ہے اسے منسلکہ ا کے تحت شامل کیا گیا ہے۔

### بورڈ اور اس کی کمیٹیوں کے اجلاس میں ڈائریکٹران کی حاضری

سال مختتمہ 30 جون 2020 کے دوران بورڈ کے چھ (06) اجلاس ہوئے۔ آڈٹ کمیٹی کے چار (04) اجلاس اور انسانی وسائل اور معاوضہ کمیٹی کا ایک (01) اجلاس منعقد ہوا۔ ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل رہی:

| ڈائریکٹر کا نام  | بورڈ کے اجلاس | آڈٹ کمیٹی | انسانی وسائل اور معاوضہ کمیٹی |
|------------------|---------------|-----------|-------------------------------|
| جناب نسیم بیگ    | 6             | -         | -                             |
| جناب ندیم ریاض   | 3             | -         | -                             |
| جناب طیب افضل*   | 5             | 3         | -                             |
| جناب قمر حسین    | 5             | 4         | -                             |
| جناب صدائے حبیب  | 4             | 3         | 1                             |
| جناب فیصل ندیم   | 6             | -         | 1                             |
| جناب محمد اعجاز  | 6             | -         | 1                             |
| جناب سجاد شیخ    | 5             | -         | -                             |
| محترمہ طیبہ رشید | 6             | -         | 1                             |

\* جناب طیب افضل نے 18 فروری 2020 کو استعفیٰ دے دیا تھا اور 22 جون 2020 کو اس اتفاق آسامی کو پر کرنے کے لئے جناب نعیم الیاس کی تقرری ہوئی۔

### ڈائریکٹران کا معاوضہ

نان ایگزیکٹو ڈائریکٹران (بشمول آزاد ڈائریکٹران) سوائے ان ڈائریکٹران کے جو عارف حبیب گروپ کی دیگر کمپنیوں میں بطور ایگزیکٹو ڈائریکٹران کام کر رہے ہیں، انہیں بورڈ اور کمیٹی کے اجلاس میں حاضر ہونے کا معاوضہ دیا جاتا ہے جو بورڈ وقتاً فوقتاً منظور کرتا ہے۔

مزید جب اور جیسے بورڈ کسی نان ایگزیکٹو ڈائریکٹر کو کوئی اضافی کردار اور ذمہ داریوں سونپتا ہے تو بورڈ اس کی سوچنی گئی ذمہ داریوں اور کردار کے مطابق اس کا معاوضہ تعین کرتا ہے۔

### بورڈ کی تشکیل بندی

| بورڈ کی موجودہ تشکیل بندی درج ذیل ہیں: |        |   |
|--|--------|---|
| (a)                                    | مرد    | 7 |
| (b)                                    | خواتین | 1 |

### تشکیل بندی

| نام                   | عہدہ                  |
|-----------------------|-----------------------|
| جناب نسیم بیگ         | نان ایگزیکٹو ڈائریکٹر |
| جناب ندیم ریاض        | نان ایگزیکٹو ڈائریکٹر |
| جناب قمر حسین         | آزاد ڈائریکٹر         |
| جناب نعیم الیاس       | آزاد ڈائریکٹر         |
| محترمہ طیبہ رشید      | آزاد ڈائریکٹر         |
| جناب عبدالصمدائے حبیب | نان ایگزیکٹو ڈائریکٹر |
| جناب فیصل ندیم        | نان ایگزیکٹو ڈائریکٹر |
| جناب ساجد اللہ شیخ    | نان ایگزیکٹو ڈائریکٹر |
| جناب محمد اعجاز       | چیف ایگزیکٹو آفیسر    |

جبکہ دوسری جانب خوردہ فروشی کو بھی جگہ میں اضافہ نظر نہیں آ رہا۔ مستقبل میں مسابقت تقریباً صرف بحریہ آئیکن ٹاور سے ہوگی جو کہ ایک 62 منزلہ عمارت ہے جس میں خوردہ فروشی، سیر و تفریح، دفاتر اور رہائشی ترقی ہے۔ یہ مکمل ہو چکا ہے اور کرایہ داروں کے حوالے کر دیا گیا ہے تاہم عدالت عالیہ سندھ کے حکم امتناعی کی وجہ سے رکا ہوا ہے۔ بحریہ آئیکن ٹاور کے آپریشنز کے آغاز سے جگہ میں صحت مند اضافہ ہوگا جس میں نئے عالمی برانڈز ملک میں آئیں گے، تاہم یہ جگہ اگلے مالیاتی سال تک دستیاب نہ ہوگی۔

جگہ کی فراہمی میں ممکنہ اضافہ جو کہ منصوبہ بندی اور تعمیراتی مرحلے میں رک گیا ہے، کے نتیجے میں DCR کی دفتری اور خوردہ فروشی کے شعبوں کو ملک میں بہترین منتظم شدہ تجارتی جائیداد تصور کیا جائے اور توقع ہے طلب مستحکم رہے گی۔

### کاروباری خطرات کا اختصار یہ

DCR کا کاروبار پائیدار رہائشی سطح کے لحاظ سے حساس ہے۔ بنیادی خطرات میں (i) دفاتر اور خوردہ فروشی کی سپلائی میں قابل ذکر اضافہ جس کے تحت علاقہ میں رہائشی قیمتوں میں کمی آئے گی۔ تاہم ایسی پیشقدمیوں میں سہولیات پر تصفیہ کرنا پڑے گا تا کہ سستے یونٹ فراہم کئے جاسکیں جبکہ DCR اس صنعت میں جگہ کے لئے پہلے ہی رہائشیوں کی اہمیت سے آگاہ ہے (ii) بڑھتی ہوئی شرح سود کے منظر نامہ سے DCR کے منفعت میں مسابقت پیدا ہوگی تاہم طویل مدت میں REIT کے یونٹ مستحکم منفعت فراہم کریں گے اور افراط زر کی تلافی کرتے ہوئے سرمایہ کاروں کی منفعت میں مسلسل اضافہ ہوگا۔ (iii) موجودہ کرایہ داروں کی نادر ہندگی کو ڈالمن سٹی میں بہت معمولی خطرہ تصور کیا جاتا ہے کیونکہ بڑے کرایہ داروں میں زیادہ تر یا تو کثیر القومی کمپنیاں ہیں یا بڑے فریجائز ہیں اور DCR کا پراپرٹی مینیجر نہ صرف سخت چھان بین، پروفائٹنگ اور کرایہ جاتی پالیسیاں اختیار کرتا ہے بلکہ ہر کرایہ دار کے ساتھ خوشگوار تعلقات قائم رکھتا ہے اور ان کی نگرانی کرتا ہے۔

### ٹیکس اصلاحات

سال کے دوران REIT کی منتظم کمپنی نے دیگر RMCs کے ساتھ مل کر فنانس بل 2020 میں REITs کے پھیلاؤ کے ذریعے جائیداد کے کاروبار کو دستاویزی شکل دینے کے لئے ٹیکس اصلاحات کی حمایت کی۔ جن اصلاحات کی حمایت کی گئی تھی ان میں غیر منقولہ جائیداد کی REIT اسکیم کو منتقلی پر ہر قسم کی REITs اسکیموں کے کاغذی منافع پر ٹیکس کوٹتی سے استثناء اور REITs کی جانب سے میوچل فنڈز کو ادا کئے جانے والے منافع منقسمہ پر دیگر کی طرح یکساں کوٹتی 15 فیصد (جو کہ اس وقت REITs کے منافع منقسمہ پر 25 فیصد ہے) کرنا شامل تھا۔ بد قسمتی سے تجویز کے برعکس FBR نے فنانس ایکٹ 2020 میں منافع منقسمہ پر توہ ہولڈنگ کو 15 فیصد سے بڑھا کر 25 فیصد کر دیا جس سے REITs میں سرمایہ کاریوں کے لئے دشوار گزار ماحول پیدا ہو گیا۔

REIT کے کاروبار کو تسلسل دینے کے لئے یہ لازمی ہے کہ قانونی اور ٹیکس اصلاحات میں مستقل بنیادوں پر تعاون اور تسلسل کو برقرار رکھا جائے۔ یہ بات بھی تسلیم کرنی چاہئے کہ REITs ایک انتہائی اہم سرمایہ کاری سواری ہے اور اس میں معیشت کے لئے بہت زیادہ امکانی فوائد ہیں۔ جن میں جائیداد کے کاروباری سودوں کو دستاویزی شکل دینا، جائیداد کی مالیت کی بالکل درست تشخیص، سرکاری

محصولات میں اضافہ اور چھوٹے سرمایہ کاروں کو جائیداد کے کاروبار کی طرف مائل کرتے ہوئے بچت کو پروان چڑھانے کے مواقع فراہم کرنا شامل ہیں۔ یہ بات بھی اہم ہے کہ REITs کو جس طرح صوبہ سندھ میں تعاون اور مراعات فراہم کی گئی ہیں اس طرح ملک بھر میں انہیں فراہم کی جائیں۔

### مستقبل کی پیش بینی

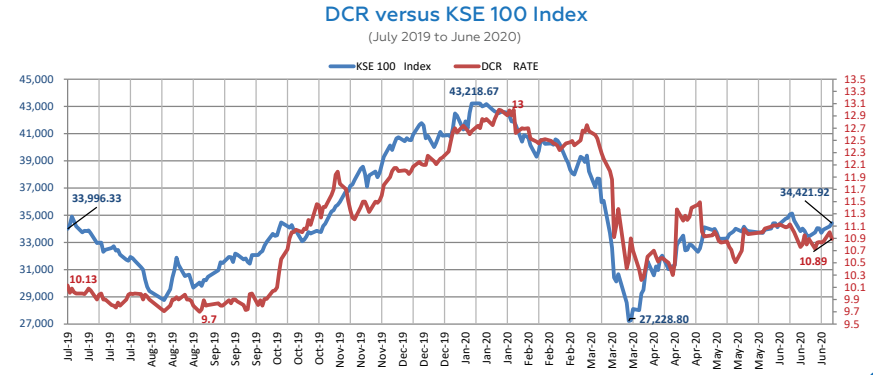
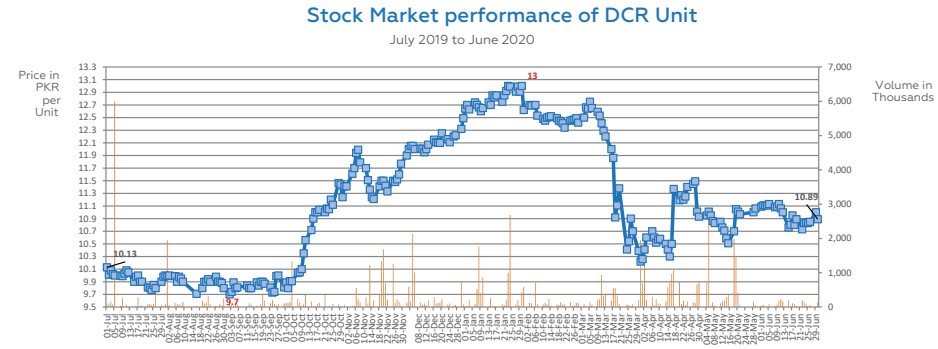
نئی حکومت نے اپنا دوسرا سال مکمل کر لیا ہے، اس دوران کچھ سخت معاشی فیصلے کئے گئے جس کی وجہ سے ہر کاروبارہ شعبے پر قابل ذکر دباؤ رہا، تاہم آگے کی جانب ہم تجارتی ماحول میں استحکام دیکھ رہے ہیں اور توقع کرتے ہیں کہ اس کی عکاسی دفاتر کے لئے دستیاب جگہوں کی طلب میں اضافے سے ہوگی۔ قلیل مدت میں متعلقہ معاشی اشاریوں سے اندازہ ہے کہ صارفین کی ساخت اور خوردہ فروشی کے شعبے کو متاثر کرے گی۔ آگے کی جانب توقع ہے کہ حکومت اپنی مالیاتی پالیسی میں نرمی لائے جس سے REIT کے یونٹ نسبتاً پرکشش ہو جائیں گے۔

جائیداد کے پیشہ ورانہ انتظام، لیز کا طویل دورانیہ، وسیع مارکیٹنگ سرگرمیاں اور مشہور زمانہ کرایہ داروں کے ساتھ ہم پر اعتماد ہیں کہ ڈالمن سٹی خریداروں، خوردہ فروشوں اور کارپوریٹیشنز کے لئے ایک پسندیدہ جگہ رہے گی۔ اس بات کی تصدیق کی جاتی ہے کہ ریٹنگ تیسرے سال میں وہی رہے گی (AAA (rr)، بلند ترین سرمایہ کاری معیار) جس سے JCR-VIS کریڈٹ ریٹنگ ایجنسی نے 2020 میں نوازا ہے۔ مسلسل بڑی تعداد میں انسانی قدموں کی آمد اور کرایہ داروں کی طمانیت DCR کے آپریشنز کی کامیابی کا منہ بولتا ثبوت ہے۔ آگے کی جانب دیکھیں تو کرایہ جاتی اضافہ بنیادی آمدن کا ماخذ ہوگا کیونکہ مال کی تقریباً تمام جگہ چکی ہے۔ عالمی معیار کے مطابق زیادہ سے زیادہ قابل لیز رہائشی رقبہ 90 فیصد خیال جاتا ہے کیونکہ کرایہ داری ایک بہتا ہوا مادہ ہے اور نئے کرایہ داروں کو کھپانے کے لئے خالی جگہ کا عنصر ضروری ہے۔

ٹرسٹی، RMC، شریعہ مشیر اور SECP کی سطح پر نگرانی REIT ضوابط اور دیگر لاگو قوانین اور معیارات کی پاسداری کو یقینی بناتی ہے۔ ان عناصر کی وجہ سے DCR کے یونٹ ہولڈرز کو تسلسل کے ساتھ بہتر منفعت حاصل ہوتی رہے گی۔

### ادارتی نظم و ضبط

DCR پاکستان اسٹاک ایکچینج میں لسٹڈ ہے۔ RMC کا بورڈ اور انتظامیہ ادارتی نظم و ضبط پر عملدرآمد کے لئے کوشاں ہیں اور اپنی ذمہ داریوں جیسے آپریشنز اور کارکردگی کی نگرانی، مالیاتی اور غیر مالیاتی معلومات کی درستگی، جامعیت اور شفافیت سے مکمل طور پر آگاہ ہیں۔ بورڈ اقرار کرتا ہے کہ DCR کی حسابات کی کتابیں درست انداز میں تیار کی گئی ہیں اور مناسب حساباتی پالیسیوں کو اختیار کیا گیا ہے اور مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ انہیں ملحوظ خاطر رکھا گیا ہے سوائے ان تبدیلیوں کے جنہیں مالیاتی گوشواروں کے نوٹ 2.4 میں بتایا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں ملحوظ خاطر رکھا گیا ہے۔ اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ DCR کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی



### ٹرسٹ ڈیڈ میں ترامیم

موجودہ سال میں ڈالمن سٹی REIT کی اصل ٹرسٹ ڈیڈ میں مخصوص ترامیم کی گئیں۔ ان ترامیم کو مقصد ٹرسٹ ڈیڈ کو REIT ریگولیشنز 2015 ترمیم شدہ 2018 کے مطابق بنانا تھا۔ ان ترامیم کے مطابق ایک خصوصی قرارداد کے تحت REIT اسکیم اب یونٹ ہولڈرز کی منظوری سے رائٹ یونٹ جاری کر سکتی ہے بشرطیکہ اس کی حتمی منظوری کمیشن سے مل جائے۔ مزید برآں RMC بورڈ آف ڈائریکٹرز کی منظوری اور ٹرسٹی کی رضامندی سے تعمیر، ترقی، تزئین و آرائش قرضوں کا اہتمام کر سکتی ہے جس سے IRIET اسکیم کی آمدنی کی گنجائش میں اضافہ ہو اور مزید جائیداد حاصل کر سکے گی بشرطیکہ یہ ضوابط کے تقاضوں کے مطابق ہو۔

### کاروباری ماحول

کراچی پاکستان کا تیزی سے بڑھتا ہوا شہر ہے، لہذا تجارتی جگہوں یعنی دفاتر اور خوردہ فروشی کے لئے جگہ کی طلب میں بھی عمومی طور پر اضافہ کارہجان دیکھا گیا ہے۔ تاہم گزشتہ سال کی تقریبات میں جائیداد کا کاروبار بڑھتی ہوئی کاروباری لاگت، شرح سود، کرنسی کی قدر میں کمی اور جائیداد کے کاروبار پر ٹیکس سے متعلق قانونی سازی کی وجہ سے دباؤ کا شکار رہا۔ یہ صورتحال مزید خراب ہو گئی جب کورونا وائرس کی وجہ سے معاشی سست روی ہوئی۔

رہائشی پلاٹوں کی زمین کو تجارتی پلاٹوں میں تبدیل کرنے کے خلاف عدالت عالیہ سندھ کے حکم امتناعی کی وجہ سے دفاتر اور جائیداد کے کاروبار دونوں سست رہے جس کی وجہ سے منصوبہ شدہ اضافہ رک گیا۔ لہذا ترقیاتی کام ان تجارتی جائیداد پر متوقع ہے جو شروع سے ہی تجارتی ہیں۔ لہذا ہم آنے والے مالیاتی سال میں سپلائی میں مسابقت میں اضافہ نہیں دیکھ رہے۔

دفاتر کی جگہ کے لئے زیادہ تر طلب مالیاتی اداروں کی طرف سے رہی اور یہ طلب خود ملکیت شدہ ترقی جیسے HBL کی G4 (26 منزلہ) اور سمٹ بینک کی بخت ٹاور (خوردہ فروشی، دفاتر، رہائشی) کی منتقل ہو گئی۔ اگرچہ کے یہ ادارے دفاتر کی جگہ کی ملکیت کے شعبہ کے ایک بڑے حصہ کی نمائندگی کرتے ہیں، تاہم DCR کے دفاتر کے شعبہ کی کاروباری کارکردگی میں ہم کوئی کمی نہیں دیکھ رہے۔

مال کو خوبصورتی سے پردوں، بینروں اور خوشنما پھولوں اور بٹرفلائی کٹ آؤٹس سے سجایا گیا جس نے تقریب کو مسحور کن کر دیا۔

### منافع منقسمہ کی تقسیم

بورڈ آف ڈائریکٹرز نے سال کے پہلے نو ماہ میں 1.05 روپے فی یونٹ یعنی 10.5 فیصد کے حساب سے ہر سہ ماہی میں برابری کے تناسب سے منافع منقسمہ کا اعلان اور اسے تقسیم کیا۔ سال کے اختتام پر بورڈ نے 0.20 روپے فی یونٹ یعنی 2 فیصد کے حتمی منافع منقسمہ کا اعلان کیا اور اسے تقسیم کیا۔ اس طرح مجموعی طور پر DCR نے کل منافع منقسمہ 1.25 روپے فی یونٹ کا اعلان کیا اور تقسیم کیا جس کی بنیاد مساواتی قدر 12.5 فیصد تھی اور IPO سرمایہ کاروں کو 11 روپے کی اسٹرائٹک پرائس پر 11.36 فیصد منافع منقسمہ ادا کیا گیا۔ سال مختتمہ 30 جون 2020 میں کل ادا شدہ منافع منقسمہ قابل تقسیم آمدنی 2,779.62 بلین روپے کا 104.54 فیصد رہا۔

### شریعت کی پاسداری

شریعت کے رہنما اصولوں کی پاسداری کے تحت فنڈ کے جائیداد کے کاروبار کو عالمی اور مشہور زمانہ ری تکافل سنڈکیٹ سے الحاق شدہ "A" ریٹنگ کی حامل پاکستانی کمپنیوں کی تکافل پالیسیوں کے ذریعے تحفظ فراہم کیا گیا۔ شریعت مشیر نے اپنی سالانہ شریعت جائزہ رپورٹ میں تمام پہلوؤں سے شریعت کے اصولوں کی پاسداری کی تصدیق کی ہے۔

### حصص کی کارکردگی

جائزہ سال کے بارہ ماہ کے دوران 'DCR' کی پاکستان اسٹاک ایکسچینج میں کی اوسطاً یونٹ پرائس 11.16 روپے پر خرید و فروخت ہوئی (جو کہ گزشتہ سال اوسطاً 11.87 روپے تھی) اور بلند ترین 13.00 روپے اور کم ترین 9.70 روپے فی یونٹ رہی۔ اسی مدت کے دوران KSE100 انڈیکس 27,228.80 سے 43,218.67 کی حدود کے درمیان رہا۔ شدید اتار چڑھاؤ کی حامل مارکیٹ میں DCR کا یونٹ 0.33 بیٹا کے ساتھ واضح طور پر مستحکم رہا (جس سے مراد یہ ہے کہ اگر KSE-100 انڈیکس میں 100 فیصد تبدیلی ہوئی ہے تو DCR میں صرف 33 فیصد تبدیلی رہی، بیٹا سے یہاں پر کم اتار چڑھاؤ اور چمک پذیری کی عکاسی ہوتی ہے) اور جس کا ہم تغیر مارکیٹ میں صرف 0.88 رہا (جو کہ پرخطر اثاثوں پر منفعت کی پیمائش ہے جس میں DCR کے اسٹاک کی کارکردگی کی مارکیٹ کی کارکردگی سے ہم ربط کم مثبت کی نشاندہی کرتا ہے)

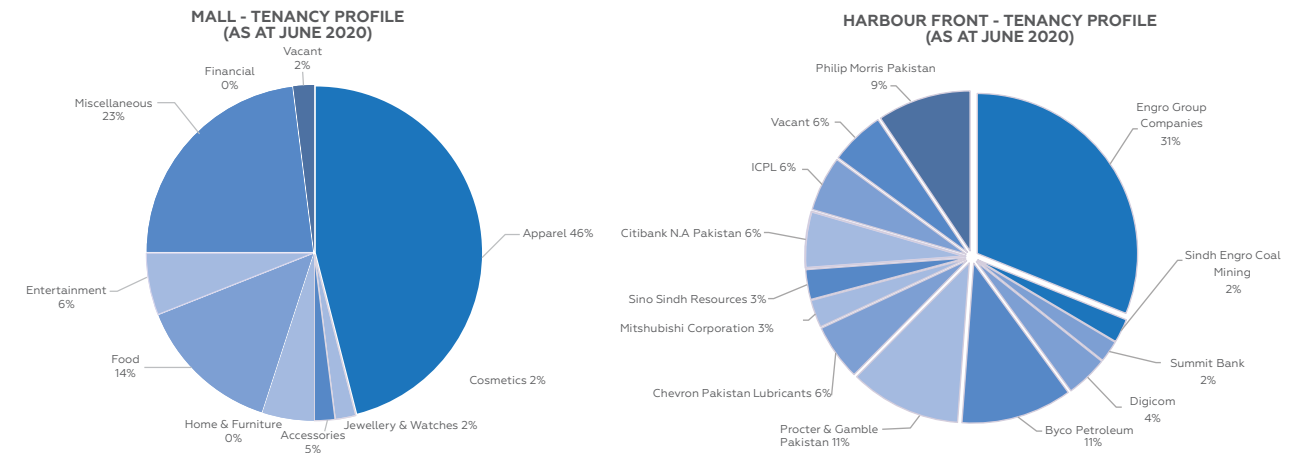
سال مختتمہ 30 جون 2020 میں DCR کے فی یونٹ کی خالص اثاثی قدر (NAV) 23.06 روپے (یعنی 30 جون 2019 کو 20.79 روپے تھی) رہی۔ سال کے اختتام پر 30 جون 2020 کو یونٹ کی قیمت 10.89 روپے رہی جس میں خرید و فروخت اپنے NAV کے 47 فیصد رعایتی نرخ پر رہی۔

اور اس بات سے مطمئن ہے کہ REIT کی جائیدادوں کی مساواتی مالیت کو ضوابط کے تحت انجام دیا گیا ہے۔

## DCR کا کرایہ جاتی پروفائل

موجودہ جائیداد قابل اعتماد کرایہ داروں پر مشتمل ہے (زیادہ تر عالمی برانڈز اور کثیر القومی کارپوریشنز ہیں) جو کہ تیز ترین نقد آمدن کما رہی ہیں۔ ڈالمن مال کلفٹن میں ہائپر اسٹار اور ڈبیلن ہاؤس کے ساتھ مقامی اور عالمی برانڈز کا مستحکم مرکب جیسے میگو، نیکسٹ، آڈو، کھاڈی، ٹمبر لینڈ اور چارلس اینڈ کیتھ شامل ہیں۔ خوردہ فروشی میں سب سے زیادہ کرایہ داری ملبوسات (46 فیصد)، جس کے بعد غذائی مصنوعات (14 فیصد) دوسرے نمبر پر ہیں جبکہ دیگر اقسام میں ملی جلی کرایہ داری ہے۔ مال ایک مضبوط معاشی نیٹ ورک فراہم کرتا ہے کیونکہ اس میں شہر کے اعلیٰ ترین مقامی اور عالمی برانڈز چل رہے ہیں۔

ہاربر فرنٹ کے موجودہ کرایہ جاتی پورٹ فولیو میں مقامی اور کثیر القومی کارپوریشنز میں دیگر کے علاوہ اینگر و کرپ، فلپ مورس، مٹسوبی کارپوریشن اور پروکٹر اینڈ گیمبل شامل ہیں۔ مال میں کرائے کے لئے 17 فلورز موجود ہیں۔



DCR کے پراپرٹی مینیجر نے جائیداد کی جگہ کی اچھی ساکھ، کرایہ داری اور برانڈ امیج کو برقرار رکھنے میں کلیدی کردار ادا کیا ہے اور متوقع کسٹمرز کے لئے ڈالمن مال آنا، خریداری کرنا اور اس کا حصہ بننے کے لئے پرکشش بنایا ہے۔ اس کے ساتھ ساتھ وہ REIT کی انتظامیہ کی قریبی نگرانی کے تحت DCR کے اثاثوں کی اعلیٰ معیارہ مینٹی ننس، صحت اور تحفظ کرتے ہیں۔ پراپرٹی مینیجر نے کرایہ جاتی حکمت عملیوں کو وضع کرنے میں کلیدی کردار ادا کیا ہے جس کی وجہ سے کرایہ داروں کی مجموعی کرایہ داری سطح سال بھر برقرار رہی۔

## لوگوں کے قدموں کی آمد کے ڈرائیور

شدید لاک ڈاؤن کے باوجود سہ ماہی میگزین کو کسٹمر کے ساتھ رابطہ کے لئے استعمال کیا جاتا رہا جس میں خریداروں کو شاپنگ فیسٹول، سال کے دوران تقریبات، برانڈ کے اشتہارات اور رعایتی پیشکشوں کے معلومات فراہم کی جاتی ہیں جس کی 20,000 سے زائد نقول خریداروں، پی آر فہرست، کرایہ داروں اور مال کے اندر تقسیم کی جاتی ہیں۔

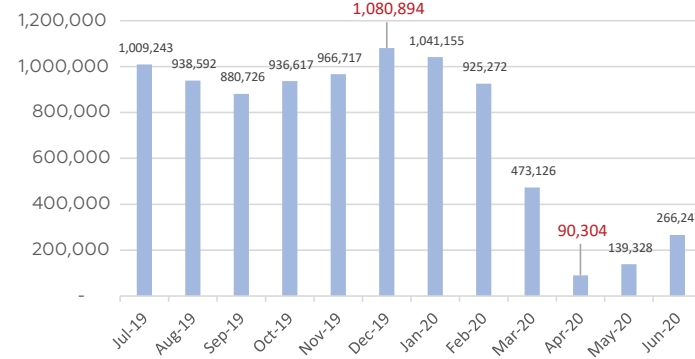
مالیاتی سال 2020 کی پہلی ششماہی کے دوران میں کسٹمر پرمکوز مارکیٹنگ اور برانڈنگ سرگرمیوں کے نتیجے میں بھاری تعداد میں انسانی قدموں کی آمد ہوئی۔ یوم آزادی، نئے سال کی تقریبات اور ڈالمن شاپنگ فیسٹول کے علاوہ ڈالمن سٹی مال میں مختلف موسموں میں قابل رشک تقریبات منعقد ہوئیں۔

کورونا وائرس کی وباء کے پھیلاؤ سے سال کے اختتام پر مارچ 2020 سے لاک ڈاؤن کے نتیجے میں انسانی قدموں کی آمد متاثر ہوئی۔

اس مدت کے دوران تمام مال متاثر ہوئے سوائے راشن، میڈیکل اسٹور اور بیکنگ چلتے رہے جس سے FY20 کی دوسری ششماہی میں انسانوں قدموں کی آمد میں زبردست کمی ہوئی۔

جس کے نتیجے میں اوسطاً ماہانہ انسانی قدموں کی آمد 729,018 زائرین رہے جبکہ FY19 میں 843,919 زائرین رہے جبکہ سال بھر DCR نے 8.7 زائرین کو FY20 کے دوران خوش آمدید کہا جبکہ FY19 میں یہ تعداد 10.12 ملین تھی۔

Dolmen City Mall - Monthly Footfall - FY20



## لوگوں کے قدموں کی آمد کے محرکات

ڈالمن مال کی انتظامیہ باریک بینی سے سال کے دوران تقریبات کا کیلنڈر تیار کرتی ہے اور ان پر عمل کرتی ہے اور انسانی قدم کی آمد کے محرکات اور انسانوں قدموں کی آمد کو حوصلہ افزائی کو صارفین کی خریداری کو تبدیل کرتے ہیں۔ ڈالمن شاپنگ فیسٹول جو کہ انسانی قدموں کے محرکات کا اہم محرک ہے، استثنائی ہے۔ دیگر قابل ذکر تقریبات میں یوم آزادی کی تقریبات، اسکول واپسی کی تقریبات، بیوٹی فیسٹول، ورلڈ سوکر اسٹارز، ڈالمن لوز کرکٹ، عالمی یوم خواتین اور لان فیسٹول شامل ہیں۔

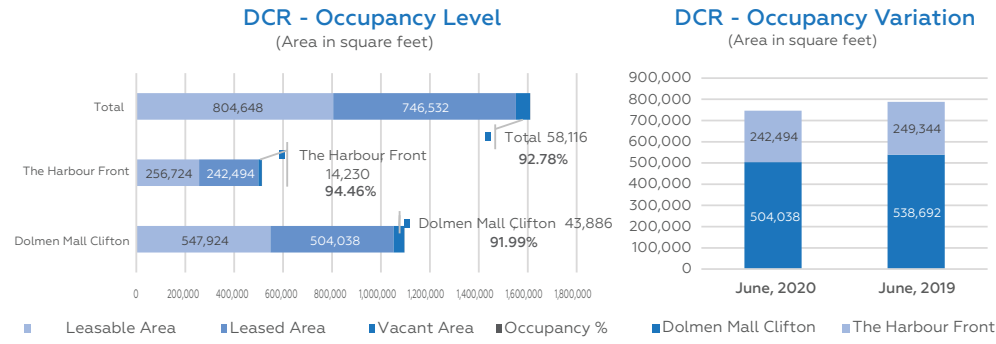
14 اگست کی یوم آزادی کی تقریبات: ڈالمن مال کے آغاز سے ہی ایک علامتی تقریب رہی ہے۔ گزشتہ سال پاکستان نے 72 واں یوم آزادی اور عید الاضحیٰ کی تقریبات تسلسل سے جاری ہیں۔ یہ تقریب ”ہیم گرین دس عید“ کے عنوان سے بڑے جوش و خروش سے منائی گئی۔ اس مال کو وسیع پیمانے پر پاکستان کی 10 یادگار عمارتوں سے سجایا گیا تھا اور فیشن بلیورڈ پر ایک قد آدم پاکستان کا نقشہ لگایا گیا تھا۔ کسٹمر کے سروے گراف سے پتا چلتا ہے کہ 90 فیصد کسٹمر اس تقریب سے مجموعی طور پر مسحور ہوئے۔

ڈالمن شاپنگ فیسٹول (DSF): دنیا کے بڑے مالز کی ثقافت اور ہماری اپنی روایات کو جاری رکھتے ہوئے ڈالمن شاپنگ فیسٹول سال کا ایک انتہائی پرکشش خریداری تقریب رہی ہے جس میں بہترین مصنوعات کو کراچی میں پیش کیا گیا۔ DSF کی میزبانی 20 دسمبر 2019 تا 5 جنوری 2020 تک جاری رہی جس میں کسٹمرز کو بہترین ڈیلز، خصوصی تحائف، مسحور کن تقریبات اور نہ ختم ہونے والی خریداری کے لئے ایک لائیو گالہ شامل ہے۔

مال کو مختلف کرداروں سے تبدیل کیا گیا اور گرویدہ کرنے والی زیبائش بھی کی گئی۔ فیملیز کو مختلف قسم کی قرعہ اندازی، کھیل اور تفریحات میں شامل کیا گیا۔

لان (ملبوسات) فیسٹول: 26 فروری سے یکم مارچ 2020 تک موسم گرما کے لئے لان کے برانڈز کو اپنی مصنوعات کو پروان چڑھانے کے لئے لان فیسٹول منعقد کیا گیا۔ اس تقریب نے برانڈز کو اپنے تخلیقی اسٹائل قائم کرنے اور اپنے اسٹور سے باہر مصنوعات کو پروان چڑھانے کے لئے پلیٹ فارم فراہم کیا۔ اس تقریب سے بہت اہم کرایہ داروں جیسے کھاڈی، گل احمد اور ثناء سفینا ز کو بڑی اہمیت فراہم کی۔

## ڈالمین مال کلفٹن اور ہاربر فرنٹ میں کرایہ داری کی سطح سال کے اختتام پر درج ذیل رہی:

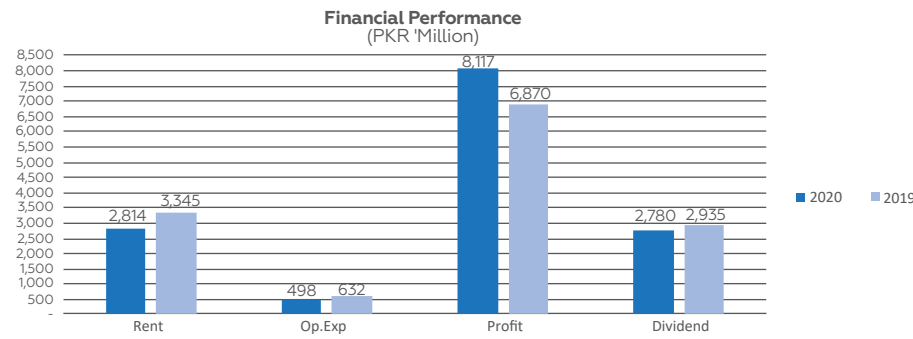


30 جون 2020 کو ڈالمین سٹی مال کے قابل لیز رقبہ پر لیز کی اوسطاً اوزانی اختتامی مدت 'WALE' (68%) تقریباً 3.32 سال رہی اور ہاربر فرنٹ کی مدت (32%) تقریباً 3.44 سال رہی (DCR کی موجودہ لیز کی اوسطاً اختتامی مدت 3.38 سال ہے)۔

### مالیاتی کارکردگی

DCR کے فنڈ کا سائز 30 جون 2020 کو 51.28 بلین روپے (30 جون 2019 میں 46.233 بلین) ہو گیا جس کی وجہ سے یہ پاکستان کی سب سے بڑی شریعہ پاسدار گلوز ڈی اینڈ لیسڈ انسٹرومنٹ بن گئی۔

جائزہ سال کے دوران DCR کی کرایہ جاتی آمدن 2,813.56 بلین روپے (30 جون 2019 میں 3,344.499 بلین روپے) رہی، جبکہ مارکیٹنگ آمدن 151.40 بلین (30 جون 2019 میں 182.606 بلین روپے) رہی اور شریعہ پاسدار بینک ڈپازٹس پر منافع 191.98 روپے بلین (30 جون 2019 میں 139.613 بلین روپے) رہا۔ انتظامی، کاروباری اور دیگر اخراجات 498.07 بلین روپے (30 جون 2019 کو 632.464 بلین روپے) رہے۔



5.459 بلین روپے کی ایک رقم جائیداد میں سرمایہ کاری کی مالیت کی مساواتی قدر میں تبدیلی کی وجہ سے ریکارڈ کی گئی جس کی تشخیص مالیت ایک آزاد تشخیص کنندہ ٹرائی اسٹار کنسلٹنٹ (پرائیویٹ) لمیٹڈ نے کی تھی (بحوالہ مالیاتی گوشواروں کا نوٹ نمبر 4)۔ جس سے بعد از ٹیکس منافع 8.12 بلین (30 جون 2018 میں 6.87 بلین) روپے رہا اور فی یونٹ آمدن (EPU) 3.6506 روپے رہی۔ EPU 1.1957 روپے کی قابل تقسیم آمدن پر مشتمل ہے اور 2.4549 بلین روپے تشخیص مالیت پر ناقابل تقسیم منافع کے طور پر ریکارڈ کیا گیا۔ تشخیص مالیت پر رائے ششماہی اور سالانہ مالیاتی نتائج دونوں کے لئے ایک انتہائی بنیادی جز ہے۔ بازار کی جاری دشوار گزار صورتحال کو مدنظر رکھتے ہوئے بورڈ نے سرمایہ جاتی نرخ کو 7 فیصد سے 6 فیصد کرنے کی تائید کی ہے جس کا مشورہ تشخیص کنندہ نے اپنی تشخیصی رپورٹ میں دیا ہے۔ انتظامیہ کے ساتھ مالیاتی گوشواروں کا جائزہ لیتے وقت بورڈ کو ہر تشخیص مالیت تک مکمل رسائی حاصل تھی

| ماہ    | ڈالمین مال | ہاربر فرنٹ |
|--------|------------|------------|
| اپریل  | 100 فیصد   | 25 فیصد    |
| مئی    | 100 فیصد   | 50 فیصد    |
| جون    | 55 فیصد    | 50 فیصد    |
| جولائی | 45 فیصد    | 40 فیصد    |
| اگست   | 25 فیصد    | 25 فیصد    |
| ستمبر  | 15 فیصد    | 0 فیصد     |

☆ نوٹ: مذکورہ بالا رعایت ایسے فعال کرایہ داروں پر لاگو نہیں ہوئی جو بنیادی ضروری خدمات فراہم کر رہی تھیں۔

☆ غذائی آؤٹ لیٹس اور تفریحی شعبوں پر رعایت ان کے کاروبار میں واپسی پر منحصر ہے جو کہ حکومت کی جاری کردہ ہدایت کے مطابق ہوں۔

### عملیاتی کارکردگی

سن 2015 میں DCR کے آغاز ہی سے اس کی جائیداد کے کاروبار میں تسلسل کے ساتھ کرایہ داری دیکھی گئی۔ Covid-19 کے چیلنج میں انتظامیہ کے جوابی اقدامات کی وجہ سے قبضہ کرایہ داری جون 2020 کے اختتام پر نوے فیصد سے اوپر یعنی 92.78 فیصد رہی (30 جون 2019 کو 97.96 فیصد)۔ وائرس کے پھیلاؤ کو قابو کرنے کے سخت اقدامات کے نتائج کامیاب رہے جس سے کاروبار جلد بحال ہو گیا۔ پاکستان میں مال کا کاروبار مسلسل کاروباری چکر ہے جس میں صارفین کی خریداری کی بھاری طلب سے اس بات اندازہ ہوتا ہے کہ کسٹمرز سودے بازی کی بہتر قیمت چاہتے ہیں۔

اگرچہ کہ انتظامیہ کی طرف سے کرائے کی معافی کے متعارف ہونے سے معاشی سست روی سے متاثرہ کرایہ داروں کو ریلیف ملا جس سے نتیجے میں FY20 کی آخری سہ ماہی میں کرایہ جاتی آمدنی کم رہی، تاہم اس کو ہم ایک سرمایہ کاری کی نظر سے دیکھتے ہیں اور آنے والی سہ ماہی میں مزید بہتر کارکردگی کی امید رکھتے ہیں۔ کرایہ داروں کو قائم رکھنے کی اس سرمایہ کاری سے ثابت ہوا ہے کہ ماہانہ کرایہ کی معافی کی شرح میں کمی آرہی ہے اور دیگر کے علاوہ نئے کرایہ دار آرہے ہیں جن میں سینوسنڈھ ریسورسز، بونینزا، شیفر، میٹگو، مین، ڈیون لندن، بے لچری اسٹوڈیو، جنسوئے لائیو اینڈ ویٹنس شامل ہیں۔ مستقبل کی منصوبہ بندی کرایہ داروں کے انتخاب کے ذریعے زیادہ سے زیادہ انسانی قدموں کی آمد اور ریٹیل خریداری کی حوصلہ افزائی پر مرکوز ہے جس میں باہمی مدد سے خریداروں میں دلچسپی پیدا کرتے ہوئے مال کے آپریشن میں مجموعی فروخت کے بلند حجم حاصل ہونگے۔ صارفین کے اشیائے صرف کی بنیاد پر مجموعی کرایہ داری مرکب سے قدر میں اضافہ ہو گیا ہے یعنی جانے والے کرایہ داروں بیٹ، یلو، QNH، الماس کلیکشن، کلیئرز، گلابو، ہوگیز، چڑ پڑ اور دیگر نے نئے کرایہ داروں کے لئے جگہ خالی کر دی ہے۔ اس سے بہترین منتخب شدہ امکانی کرایہ داروں کے لئے کل 58,116 مربع فٹ رقبہ خالی ہو گیا ہے۔

# ڈائریکٹرز رپورٹ

محترم یونٹ ہولڈرز ڈالمین سٹی REIT

ہم عارف حبیب مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈالمین سٹی REIT ("DCR" "اسکیم") کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے برائے ختمہ مدت 30 جون 2020 کے ساتھ ان پر آڈٹ رپورٹ اور دیگر آئینی رپورٹیں پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

## جائزہ

COVID-19 کی موجودہ وباء کی نتیجے میں عالمی معاشی سست روی اور صارفین کے رجحانات کی وجہ سے FY2020 دشوار گزار سال رہا۔ محتاط اور موثر اقدامات نافذ کرتے ہوئے پاکستان نے موثر طور پر وبائی امراض کے کیسوں کو قابو کیا اور معاشی بحالی کے لئے ٹھوس اقدامات کئے جا رہے ہیں۔

سال کے دوران چینلجز کے باوجود DCR پاکستان کے بازار سرمایہ پر چھائی رہی جس نے تھیلڈ REIT ہونے کے ناطے مسلسل مستحکم نتائج فراہم کئے۔ DCR کی کارکردگی، جائیداد کا انتظام اور کرایہ داروں کے ساتھ قریبی تعلقات کی تصدیق ریٹنگ ایجنسی کی جانب سے AAA (rr) ریٹنگ (اعلیٰ سرمایہ کاری معیار) برقرار رکھنے اور شریعہ مشیر کی جانب سے شریعت کی پاسداری سے ہوتی ہے۔ معاشی اور کاروباری چینلجز میں خریداروں اور کاروبار افراد دونوں کے لئے پسندیدہ جگہ رہی۔ اسی طرح ہاربر فرنٹ ملک میں دفتری جگہ کے لئے اعلیٰ معیار کی علامت بن گیا ہے۔ یہ بات حوصلہ افزا ہے کہ سال کے دوران SECP نے REIT کے نگرانی کے فریم ورک میں تعمیری اصلاحات کیں، تاہم REIT کے ارد گرد ٹیکس کے ماحول کو ہنگامی بنیاد پر درست خطوط پر استوار کرنے کی ضرورت ہے۔

## Covid-19 کی وباء کے پھیلاؤ کا مقابلہ

دنیا بھر میں کورونا وائرس کے پھیلاؤ نے تمام کاروباری اور معاشی سرگرمیوں کو متاثر کیا۔ پاکستان میں خوردہ فروشی کو اسمارٹ لاک ڈاؤن کی وجہ سے ہر کاروباری جگہ پر غیر معمولی چیلنج کا سامنا رہا۔ کراچی کے شاپنگ مالوں میں 18 مارچ 2020 سے 19 مئی 2020 تک تمام سرگرمیاں بند ہو گئیں جس سے خوردہ فروشی کے کاروباری عمل رک گئے۔ مال کی انتظامیہ نے کسٹمر کے ساتھ رابطوں کو تیز کرتے ہوئے ڈیجیٹل پلیٹ فارم استعمال کر کے انسانی قدموں کی آمد کی حوصلہ افزائی کی اور کسٹمر کے لئے طے شدہ حفاظتی ضابطوں کے نفاذ کے تحت خوردہ فروشی کی فروخت کا دوبارہ آغاز کیا گیا۔

کرایہ داروں کو مال میں برقرار رکھنے کے لئے ان سے تعلق کو متحرک نہ طور پر قابل قدر طویل مدتی تعلقات مضبوط کر کے ان کے ساتھ کرایہ جاتی معاہدوں پر گفت و شنید ہوئی۔ ڈالمین سٹی مال اور دی ہاربر فرنٹ دونوں کی آفس بلڈنگوں میں ماہ بہ ماہ باریک بینی سے مجموعی صورتحال کی تشخیص کرتے ہوئے کرائے معاف کئے گئے۔ مال اور ہاربر کے کرایہ داروں کو کرائے پر جو معافیاں دی گئیں، وہ درج ذیل ہیں: