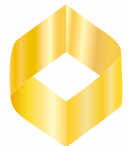


DOLMEN CITY REIT

A SHARIAH COMPLIANT, LISTED,
CLOSED END RENTAL REIT SCHEME
QUARTERLY REPORT MARCH 31, 2016

INVESTING IN SUCCESS

(REAL ESTATE INVESTMENT TRUST)



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

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Management Company's Statements

Vision

To be a knowledge based Real Estate Investment Company which adheres to the highest standards of Integrity, Professionalism and Quality to generate sustainable returns for all stakeholders.

Mission

To build upon our competitive advantage of being the first REIT management company of Pakistan by providing customer-centric full scale real estate investment related solutions to a select group of clientele.

To endeavor that our solutions not only contribute to the financial bottom-line for our customers but also help them create a distinctive comparative advantage.

Values

- Responsibility
- Energy
- Integrity
- Teamwork



Scheme's Information

Management Company	Arif Habib Dolmen REIT Management Limited Arif Habib Centre, 23 M.T. Khan Road, Karachi	
Board of Directors	Mr. Nasim Beg Mr. Muhammad Ejaz Mr. Nadeem Riaz Mr. Asadullah Khawaja Mr. Abdus Samad A. Habib Mr. Qamar Hussain Mr. Faisal Nadeem	Chairman Chief Executive Officer Director Independent Director Director Independent Director Director
Audit Committee	Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Asadullah Khawaja	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Nadeem Riaz Mr. Abdus Samad A. Habib Mr. Muhammad Ejaz	Chairman Member Member
Company Secretary	Mr. Manzoor Raza	
Chief Financial Officer	Mr. Mohsin Madni	
Trustee/Share Registrar	Central Depository Company of Pakistan Limited CDC House, 99-B, SMCHS Main Shahrah-e-Faisal, Karachi.	
Bankers	Askari Bank Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited MCB Bank Limited United Bank Limited Allied Bank Limited Bank Alfalah Limited	
External Auditors	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, 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 Advisors	Mohsin Tayebaly & Co. Corporate Legal Consultants 1 st Floor, Dime Centre, BC-4 Block 9, Kehkashan, Clifton, Karachi.	
Property Manager	Dolmen Real Estate Management (Private) Limited	
Property Valuer	National Engineering Services Pakistan (Pvt.) Ltd "NESPAC"	
Shariah Advisor	Mufti Muhammad Ibrahim Easa	
Rating Agency	JCR-VIS Credit Rating Co. Ltd. VIS House, 128/C, 25 th Lane Off Khayaban-e-Ittehad, Phase VII, DHA, Karachi	
Rating	RMC Rating: AM2- (RMC) REIT Rating: RR1	
Registered Office	Dolmen City REIT Scheme Arif Habib Centre, 23 M.T. Khan Road, Karachi.	



Report of the Directors of the Management Company

Dear Unitholders

On behalf of the Board of Directors of Arif Habib Dolmen REIT Management Limited, I am pleased to present the Directors' Review report of Dolmen City REIT (DCR), the Scheme, for the nine months period and quarter ended March 31, 2016.

Operational Performance During the Period under Review

During the period under review, DCR has recorded rental income of PKR 1,852.301 million (PKR 651.673 million for the third quarter) and marketing income of PKR 85.804 million (PKR 28.092 million for the third quarter). Administrative and operating expenses during the period were PKR 235.029 million (12.69% of rental income) and Net Operating Income was PKR 1,703.076 million (PKR 604.892 million for the third quarter). The Net Income of DCR for the nine months period was PKR 3,383.045 million which includes unrealised fair value gain in the investment property amounting to PKR 1,691.164 million recorded in the second quarter of the financial year. This translates into earnings of PKR 1.52 per unit which comprised of PKR 0.76 being distributable income and PKR 0.76 being undistributable unrealised fair value gain.

It may be noted that the property is revalued semi-annually and the gain or loss on revaluation of property is reflected in half yearly and annual financial statements only. It may also be noted that the distributable income per unit of the Scheme in the current quarter is Rs.0.27 in comparison to Rs.0.24 during the last quarter.

We are delighted that the occupancy level of DCR has reached 98.93% during the period under review, an increase from 95.15% in June 2015. During the quarter ended on March 31, 2016, the overall Leasable Area increased by 317 square feet (from 811,361 square feet, reported in the quarter ended on December 31, 2015) as a result of area optimisation and revision in commercial terms with TCS at the Harbour Front. Current status of occupancy is as follows:

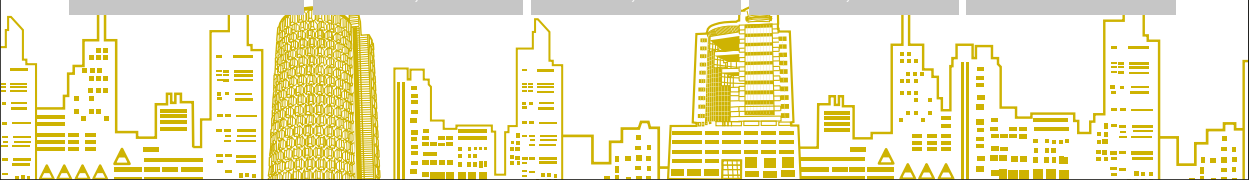
Lease Occupancy	Leasable Area	Leased Area March, 2016	Vacant Area	Occupancy
				%
(In square feet)				
Dolmen Mall Clifton	554,517	545,813	8,704	98.43%
The Harbour Front	257,161	257,161	-	100.00%
Total	811,678	802,974	8,704	98.93%

Change in occupancy level during the quarter under review is as follows:

Lease Occupancy	Leasable Area March, 2016	Leased Area December, 2015	Incremental Occupancy	Increase
				%
(In square feet)				
Dolmen Mall Clifton	545,813	544,915	898	0.16%
The Harbour Front	257,161	256,844	317	0.12%
Total	802,974	801,759	1,215	0.15%

Quarter to Quarter increase in rental income is as follows:

Rent Highlights	Rent 3 rd Quarter FY16 (Jan -Mar 2016)	Rent 2 nd Quarter FY16 (Oct -Dec 2015)	Incremental Rent	Increase
	Rupees in '000'			%
Dolmen Mall Clifton	452,563	417,805	34,758	8.32%
The Harbour Front	199,110	189,420	9,690	5.12%
Total	651,673	607,225	44,448	7.32%



The third quarter (Jan-Mar 2016) marked two major events at the Dolmen Mall; the launch of a dedicated women's parking area on International Women's Day and commemoration of Pakistan Resolution Day.

International Women's Day: Dolmen Mall Clifton on March 8, 2016, launched Pakistan's first Exclusive Women's Parking Area. The new parking area is reserved solely for self-driving women and is conveniently located close to the entrances. Dolmen Mall's International Women's Day celebrations continued for two days and included a host of fun-filled activities for the whole family. The festivities featured discounts, free makeovers, nail art and giveaways by leading retail brands. The foot fall on Women's Day was recorded at 20,939.

Pakistan Resolution Day: A two day event was organized from 22 to 23 March, 2016 to celebrate the auspicious day. The mall was decorated in patriotic colours and thematic ambience was incorporated into the look and feel of the Mall.

A life size monument of Minar-e-Pakistan was placed in the center of the main atrium marking the initial location where the Resolution was passed in 1940. 'Phool Patti' the famous truck art curators were invited to paint a live mural of notable monuments of Pakistan as the main attraction for customers. Students from the SMART school were invited to participate in a band march. Underground band "Wajdaan" captivated shoppers by paying tribute to Pakistani singers by performing their national songs.

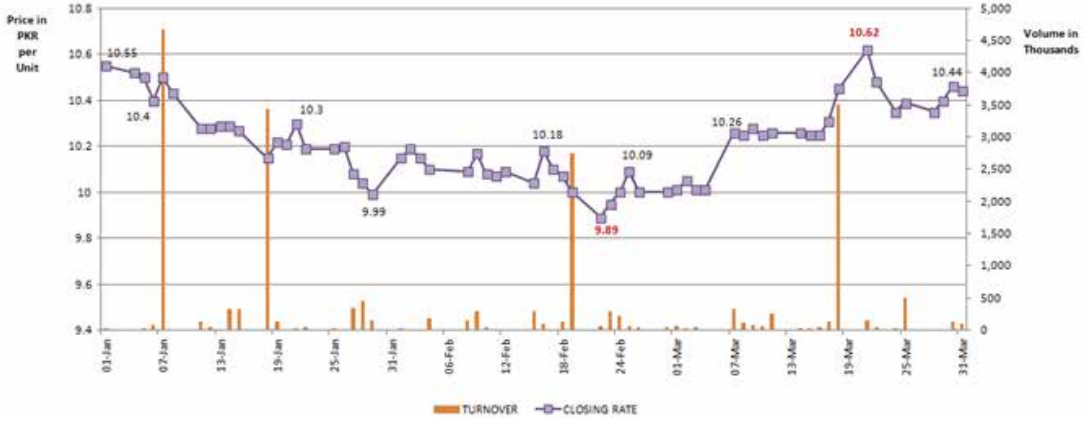
Other attractions included a photo booth, nail bar and face painting which were all linked to Facebook check-in to enhance traffic and promote Dolmen Mall through social media. The footfall this year was recorded at 37,639 as compared to previous year's 30,429.



Stocks Performance

During the nine months period under review, DCR was traded on an average unit price of PKR 10.22 and touched a high of PKR 10.62 and a low of PKR 9.89 per unit.

**Stock Market Performance of DCR Unit
January 2016 to March 2016**



The Net Asset Value 'NAV' per Unit of DCR is PKR 11.65 at March 31, 2016. DCR on its closing Unit price as of March 31, 2016 traded at a discount of 10.38% to its NAV. Whereas, the stock market remained highly volatile during the period in review, the stock of DCR remained fairly stable.

Acknowledgement

We are grateful to the Scheme's valued investors, the Securities & Exchange Commission of Pakistan, the management of Pakistan Stock Exchange, the Trustees of the Scheme, 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

Karachi
19 April 2016



Trustee Report to the Unit Holders Dolmen City Reit

Report of the Trustee pursuant to Regulation 15(1)(xiv) of the Real Estate Investment Trust Regulations, 2015

We Central Depository Company of Pakistan Limited, being the Trustee of Dolmen City REIT (the Fund) are of the opinion that Arif Habib Dolmen REIT Management Limited, being the Management Company of the Fund has in all material respects complied with the requirements of the Real Estate Investment Trust Regulations, 2015 during the period ended March 31, 2016.

-sd-

Aftab Ahmed Diwan

Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: April 25, 2016

1994,78

4612,00

**CONDENSED INTERIM FINANCIAL INFORMATION FOR
THE NINE MONTHS PERIOD AND QUARTER ENDED
31 MARCH 2016**



Condensed Interim Balance Sheet

As at 31 March 2016

	Note	Unaudited 31 March 2016	Audited 30 June 2015
(Rupees in '000')			
ASSETS			
Non-current assets			
Total non current assets - Investment property	6	23,928,164	22,237,000
Current assets			
Rent receivables		78,413	34,514
Advances, prepayments and other receivables	7	266,974	34,173
Interest accrued		27,688	97
Investments	8	700,000	-
Bank balances	9	1,476,172	912,718
Total current assets		2,549,247	981,502
Total assets		26,477,411	23,218,502
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up (2,223,700,000 units of Rs. 10 each)		22,237,000	22,237,000
Reserves:			
- Premium on issue of units		281,346	281,346
- Unappropriated profit		3,383,087	169,977
Total unit holders' fund		25,901,433	22,688,323
Liabilities			
Non - current liabilities			
Formation costs payable to REIT management company		160,171	215,087
Security deposits		145,353	108,036
Total non-current liabilities		305,524	323,123
Current liabilities			
Payable to REIT management company	10	77,427	58,259
Security deposits		34,553	44,543
Accrued expenses and other liabilities	11	158,474	104,254
Total current liabilities		270,454	207,056
Total unit holders' fund and liabilities		26,477,411	23,218,502
(Rupees)			
Net assets value per unit		11.65	10.20
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director

Condensed Interim Profit and Loss Account (Unaudited)

For the nine months period and quarter ended 31 March 2016

	Note	Nine months ended 31 March 2016	Quarter ended 31 March 2016
(Rupees in '000')			
Income			
Rental income		1,852,301	651,673
Marketing income		85,804	28,092
		<u>1,938,105</u>	<u>679,765</u>
Administrative and operating expenses	13	(235,029)	(74,873)
Net operating income		<u>1,703,076</u>	<u>604,892</u>
Change in fair value of investment property	6	1,691,164	-
Other income - profit on bank deposits		68,312	31,013
		<u>3,462,552</u>	<u>635,905</u>
Management fee		(51,092)	(18,146)
Sindh Sales Tax on management fee		(8,297)	(2,947)
Federal Excise Duty on management fee		(8,175)	(2,904)
Trustee fee		(8,515)	(3,024)
Sindh Sales Tax on trustee fee		(1,192)	(423)
Charity expense		(2,236)	(2,236)
		<u>(79,507)</u>	<u>(29,680)</u>
Profit before taxation		<u>3,383,045</u>	<u>606,225</u>
Taxation	14	-	-
Profit after taxation		<u>3,383,045</u>	<u>606,225</u>
(Rupees)			
Earnings per unit - basic and diluted	16	1.52	0.27

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the nine months period and quarter ended 31 March 2016


	Nine months ended 31 March 2016	Quarter ended 31 March 2016
	(Rupees in '000')	
Profit for the period	3,383,045	606,225
Other comprehensive income	-	-
Total comprehensive income for the period	3,383,045	606,225

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2016

Nine months ended
31 March
2016

(Rupees in '000')

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax	3,383,045
Adjustments for:	
Change in fair value of investment property	(1,691,164)
Profit on bank deposits	(68,312)
	1,623,569
(Increase) / decrease in current assets	
- Rent receivables	(43,899)
- Advances and other receivables	2,669
Increase in current liabilities	
- Payable to the REIT management company	15,789
- Accrued expenses and other payables	54,220
	1,652,348
Cash generated from operations	1,652,348
Taxes paid	(235,470)
Formation costs paid - (net)	(51,537)
Security deposits received	27,327
Net cash flow from operations	1,392,668

CASH FLOWS FROM INVESTING ACTIVITIES

Profit received on bank deposits	40,721
Investments in term deposit receipts	(700,000)
Net cash (used in) investing activities	(659,279)

CASH FLOW FROM FINANCING ACTIVITIES

Net cash (used in) financing activities - Dividend paid	(169,935)
Net increase in cash and cash equivalents	563,454
Cash and cash equivalents at beginning of the period	912,718
Cash and cash equivalents at end of the period	1,476,172

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director

Condensed Interim Statement of Changes in Unitholders' Fund (Unaudited)

For the nine months period ended 31 March 2016

	Issued, subscribed and paid up units	Reserves		Sub total	Unitholders' fund
		Capital	Revenue		
		Premium on issue of units	Unappropriated profit		
(Rupees in '000')					
Balance as at 20 January 2015	-	-	-	-	-
Transactions with owners					
Issue of units	22,237,000	-	-	-	22,237,000
Premium received on units subscription	-	555,925	-	555,925	555,925
Formation costs	-	(274,579)	-	(274,579)	(274,579)
	22,237,000	281,346	-	281,346	22,518,346
Total comprehensive income for the period					
Profit for the period	-	-	169,977	169,977	169,977
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	169,977	169,977	169,977
Balance as at 30 June 2015	22,237,000	281,346	169,977	451,323	22,688,323
Transactions with owners					
Cash dividend for the period ended 30 June 2015 (Rs. 0.07642 per unit)	-	-	(169,935)	(169,935)	(169,935)
Total comprehensive income for the period					
Profit for the period	-	-	3,383,045	3,383,045	3,383,045
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	3,383,045	3,383,045	3,383,045
Balance as at 31 March 2016	22,237,000	281,346	3,383,087	3,664,433	25,901,433

The annexed notes from 1 to 18 form an integral part of the condensed interim financial information.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

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 the Real Estate Investment Trust Regulations, 2015 (REIT Regulations 2015), promulgated and amended from time to time by the Securities & Exchange Commission of Pakistan (the 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 Limited. The Scheme is rated "RR1" by JCR-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.

- 1.2 The Scheme is the subsidiary of International Complex Projects Limited (the ICPL). As at 31 March 2016, ICPL effectively holds 75 percent of units of the Scheme.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, REIT Regulation 2015 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, REIT Regulation 2015 or the directives issued by the SECP shall prevail.

This condensed interim financial information do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Scheme's financial statements for the period ended 30 June 2015.

This is the first condensed interim financial information of the Scheme for the nine months period ended 31 March 2016. Therefore, there are no corresponding figures from previous period to disclose.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the Scheme's functional and presentation currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the period ended 30 June 2015 except for the following standards which became effective during the period.

3.1 New, amended and revised Standards and Interpretations of IFRSs

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 did not have any impact on the financial information of the Scheme.

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the financial information of the Scheme, except certain additional disclosures.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by RMC in applying the Scheme's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding financial statements of the Scheme as at and for the period ended 30 June 2015.

5 RISK MANAGEMENT

The Scheme's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements for the period ended 30 June 2015.

6 INVESTMENT PROPERTY

	Note	Unaudited 31 March 2016 (Rupees in '000')	Audited 30 June 2015
Carrying amount at beginning of the period	6.1	22,237,000	22,237,000
Add: Change in fair value - unrealised		1,691,164	-
Carrying amount at end of the period		<u>23,928,164</u>	<u>22,237,000</u>

- 6.1 The valuation of investment property has been carried out by National Engineering Services Pakistan (Private) Limited, independent valuer ('NESPAK' or 'the Valuer') as at 30 June 2015 and as at 31 December 2015 which are summarised as below. The Valuer used all prescribed approaches to value the investment property.

	31 March 2016 (Rupees in million)	30 June 2015
Cost approach	18,161	18,161
Sales comparison approach	51,946	51,946
Income capitalization approach (Valuer's assessment of rental income – using 7% capitalisation rate)	45,360	45,360
Income capitalization approach based on existing rental agreements and expected rent for the vacant area – using 7% capitalization rate)	34,183	34,183

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

NESPAK in its valuation report has stated that out of three approaches identified in REIT Regulations, "Income Capitalization Approach" is generally based on the principle that the value of property reflects the quality and quantity of the income it is expected to generate over time. It is the most typical approach used for income producing properties i.e. rental properties.

At the time of acquisition of investment property, the valuation of Rs. 22,000 million based on 10 percent capitalization rate on the projected Net Operating Income (NOI) was agreed and approved by SECP as a part of the Business Plan and Offering Document on which Scheme was based. Based on NESPAK's opinion dated 17 August 2015, the management considered that there was no significant change in value of investment property from the date of acquisition (22 May 2015) till the period end 30 June 2015 and accordingly investment property was carried at its cost as at 30 June 2015. Subsequently, in response to the letter no COR/Dolmen-REIT/SECP/2015/23 dated 12 November 2015 in respect of "Approval on the Capitalization Rate used for determining Valuation of Real Estate of Dolmen City REIT Scheme using Income Capitalization Approach", SECP through letter no. SEC/NBFC/DC/ 75/2015/105 dated 18 December 2015 allowed to use of 10 percent capitalization rate on the projected net operating income (NOI) for Dolmen City REIT real estate valuation, as already used in the Business Plan and disclosed in the Offering Document.

Accordingly, the value of the investment property has been determined based on annual projected net operating income while using 10 percent capitalization rate and unrealized gain of Rs. 1,691.164 million has been recorded as change in fair value of investment property during the period.

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

Significant unobservable inputs

	Sensitivity	
	Change in input	Effect on fair value
	(Rupees in '000')	
- Present revenue (based on exiting leasing contracts)	+ 5%	1,350,936
- Present operating costs (based on projected costs)	+ 5%	(154,528)
- Capitalization rate	+ 1%	(2,175,291)
- Capitalization allowed rate	- 1%	2,658,684

7 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 31 March 2016	Audited 30 June 2015
	(Rupees in '000')	
Unsecured - Considered good		
Receivable from ICPL	2,908	16,797
Prepayments	10,326	-
Advance to suppliers	894	-
Advance tax	252,846	17,376
	<u>266,974</u>	<u>34,173</u>

8 INVESTMENTS

These represent term deposit receipts with Islamic bank and carries expected profit rate of 7% per annum with maturity of one year.

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

9 BANK BALANCES

		Unaudited 31 March 2016 (Rupees in '000')	Audited 30 June 2015
Term deposit receipts	9.1	1,145,700	-
Saving accounts	9.2	330,472	363,550
Current accounts		-	549,168
		<u>1,476,172</u>	<u>912,718</u>

9.1 These carry expected profit rate of 6.33% per annum with maturity of one month.

9.2 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.0% to 6.10% (30 June 2015: 2.5% to 4.0%) per annum.

10 PAYABLE TO REIT MANAGEMENT COMPANY

Management fee payable	10.1	18,146	5,300
Sindh Sales Tax		3,865	922
		<u>22,011</u>	<u>6,222</u>
Current portion of formation costs		54,916	59,492
Expenses incurred by RMC on behalf of the Scheme		500	
Formation costs incurred by the Scheme on behalf of RMC net of advances received		-	(7,455)
		<u>55,416</u>	<u>52,037</u>
		<u>77,427</u>	<u>58,259</u>

10.1 Under the provisions of REIT Regulations, 2015, RMC is entitled to an annual management fee not exceeding three percent of NOI of the Scheme. The management fee is payable on quarterly basis in arrears. The Sindh Government has levied Sindh Sales Tax at the rate of 14% effective from 1 July 2015 on the remuneration of the RMC.

11 ACCRUED EXPENSES AND OTHER LIABILITIES

Trustee fee payable		9,708	907
Monitoring fee payable to SECP		16,678	1,853
Payable to ICPL		1,819	1,819
Payable to property manager		14,983	11,270
Unearned rental income		61,075	78,613
Sales tax and withholding income tax payable		33,271	-
Provision for Workers' Welfare Fund	11.1	3,469	3,469
Charity payable	11.2	2,236	-
Federal Excise Duty payable	11.3	9,023	848
Takaful payable		-	2,917
Property tax payable		-	1,781
Accrued expenses and other liabilities		5,255	777
Unclaimed dividend		957	-
		<u>158,474</u>	<u>104,254</u>

11.1 There has been no change in the status of litigation relating to Workers' Welfare Fund as reported in financial statements of the Scheme for the period ended 30 June 2015.

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

However, after the exclusion of the Mutual Funds from federal statute on Workers Welfare Fund, from 1 July 2015, the Scheme has discontinued making the provision in this regard. The provision made till 30 June 2015 has been maintained as the law suit is still pending in the SHC. Had the provision not been maintained, the Net Asset Value (NAV) per unit of the Scheme as at 31 March 2016 would have been higher by Rs. 0.0016 per unit (30 June 2015: Rs. 0.0016 per unit).

- 11.2** According to the instructions of the Shariah Advisor of the Scheme, any income earned by the Scheme through non shariah compliant avenues, such income/ portion of the income earned on these non-shariah compliant avenues should be donated for charitable purposes.
- 11.3** 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 High Court of Sindh in its order dated 09 September 2013 has granted stay to the various funds for the recovery of FED. As a matter of abundant caution, the RMC has made a provision aggregating to Rs. 9.023 million. Had the provision not been made, the Net Asset Value (NAV) per unit of the Scheme as at 31 March 2016 would have been higher by Rs. 0.0041 per unit (30 June 2015: Rs. 0.0004 per unit).

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 31 December 2015.

13 ADMINISTRATIVE AND OPERATING EXPENSES

	Unaudited	
	Nine months ended 31 March 2016	Quarter ended 31 March 2016
	(Rupees in '000')	
Monitoring fee	16,678	5,559
Property management fee	134,549	42,318
Ancillary income collection fee	14,457	5,048
Common area maintenance charges	5,715	1,720
Legal and professional charges	3,091	1,373
Utility expenses	449	179
Marketing expenses	23,031	8,676
Takaful fee	24,237	7,109
Property tax	8,526	1,540
Auditors' remuneration	1,227	506
Others	3,069	845
	235,029	74,873

14 TAXATION

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

The Board of Directors of the RMC intends to distribute sufficient income distribution for the year ending 30 June 2016 to avail the exemption. Accordingly, no provision for tax has been recognized in the condensed interim financial information for the period ended 31 March 2016.

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

15 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, National Engineering Services Pakistan (Pvt.) Limited being valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Pvt.) 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 condensed interim financial information are as follows:

15.1 Transactions during the period:

	Unaudited Nine months ended 31 March 2016 (Rupees in '000')
International Complex Projects Limited	
- Rental income	25,594

15.2 Amounts outstanding as at period end

Note	Unaudited 31 March 2016 (Rupees in '000')	Audited 30 June 2015
International Complex Projects Limited		
- Receivable in respect of security deposits of tenants	2,908	16,797
- Rent receivable	341	2,844
- Net payable in respect of purchase consideration of investment property	1,819	1,819

16 EARNINGS PER UNIT - BASIC AND DILUTED

	Unaudited Nine months ended 31 March 2016 (Rupees in '000')	Quarter ended 31 March 2016
Profit after taxation	3,383,045	606,225
	Number of units	
Weighted average number of ordinary units during the period	2,223,700,000	2,223,700,000
	(Rupees)	
Earnings per unit - Basic and dilutive	16.1	0.27

Notes to the Condensed Interim Financial information (Unaudited)

For the nine months period ended 31 March 2016

16.1 Earnings per unit comprises as follows:

		Unaudited	
		Nine months ended	Quarter ended
		31 March	31 March
		2016	2016
		(Rupees)	
Distributable income - earnings per unit		0.76	0.27
Undistributable unrealised fair value gains - earnings per unit	16.1.1	0.76	-
		1.52	0.27

16.1.1 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.

17 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

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

The Scheme has not disclosed the fair values of all financial assets and financial liabilities (loans and receivables), as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonably approximation of fair value.

18 DATE OF AUTHORISATION FOR ISSUE

The condensed interim financial information was authorised for issue by the Board of Directors of the RMC on April 19, 2016.

For Arif Habib Dolmen REIT Management Limited
(REIT Management Company)



Chief Executive Officer



Director



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

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