



ARIF HABIB DOLMEN
REIT MANAGEMENT LIMITED

DOLMEN CITY REIT

TODAY, **TOMORROW** TOGETHER

Annual Report 2018



ABOUT REITS

A Real Estate Investment Trust (REIT) is an entity that owns or finances income-producing real estate. REITs are like mutual funds. REITs provide all types of investors with regular income streams, diversification and long-term capital appreciation. REITs allow individuals to invest in real-estate properties similar to purchasing a stock of a company and owning units. A REIT combines a pool of money from individuals and institutions to buy real estate. The unit holders of a REIT Scheme earn a share of the income produced through renting or selling of the real estate property without actually having to bear the hassle of buying or managing the property.

REITS IN PAKISTAN

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was introduced by Securities and Exchange Commission of Pakistan (SECP) in January 2008, which was subsequently repealed and replaced by REIT Regulations 2015.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

Developmental REIT: A Developmental REIT Scheme invests in real estate to develop it 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 portfolio of buildings for rent and a property for development.

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Member



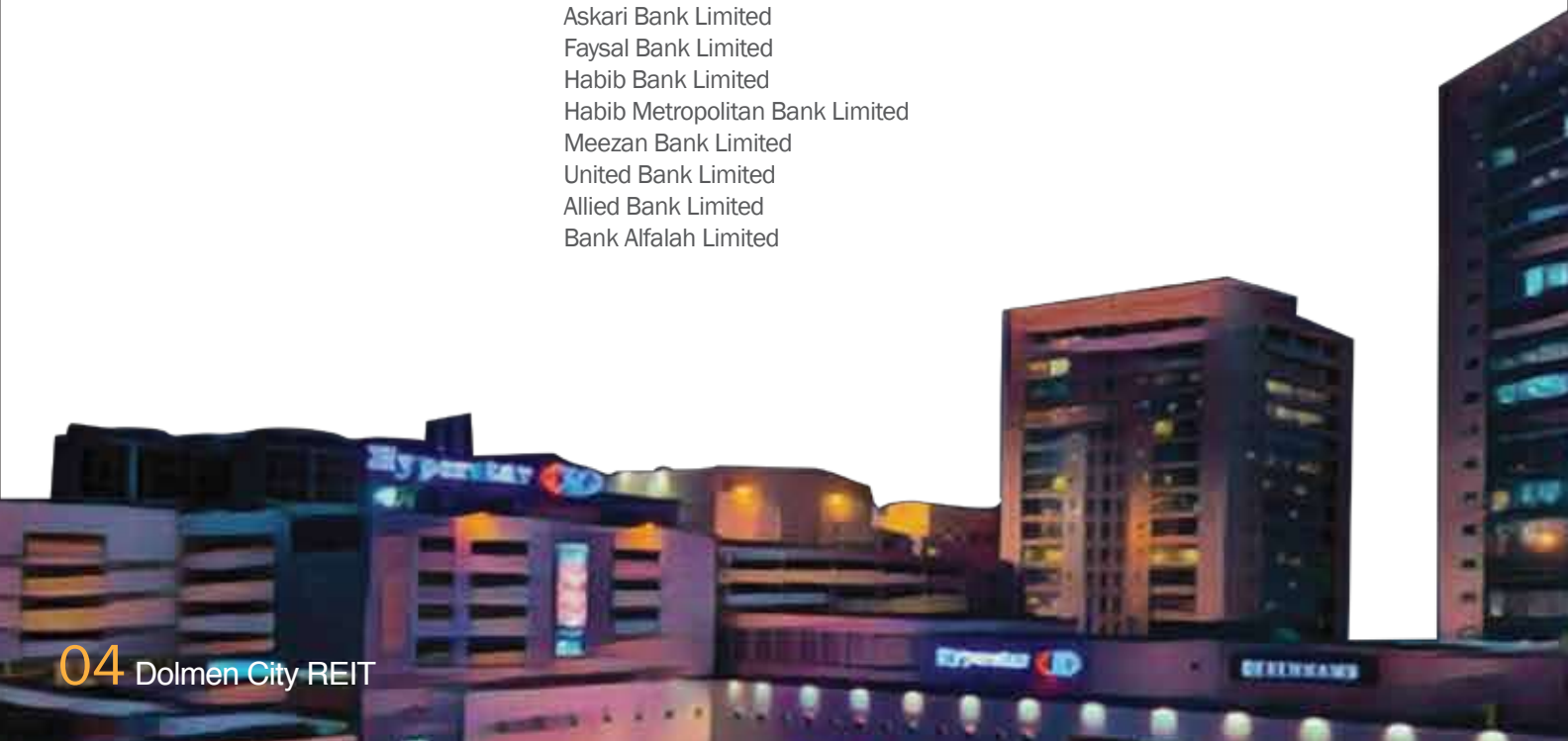
TODAY, TOMORROW TOGETHER

Annual Report 2018

As we grow ahead and diversify ahead today, our reputation and success is centered around your trust. At Arif Habib Dolmen REIT Management Limited, we believe that our passion today and our success tomorrow, is built with you.

SCHEME'S INFORMATION

Management Company	Arif Habib Dolmen REIT Management Limited	
Board of Directors	Mr. Nasim Beg Mr. Nadeem Riaz Mr. Asadullah Khawaja Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Faisal Nadeem Mr. Muhammad Ejaz	Chairman Director Independent Director Independent Director Director Director Chief Executive
Audit Committee	Mr. Qamar Hussain Mr. Abdus Samad A. Habib Mr. Asadullah Khawaja	Chairman Member Member
Human Resource & Remuneration Committee	Mr. Asadullah Khawaja Mr. Nadeem Riaz Mr. Abdus Samad A. Habib Mr. Muhammad Ejaz	Chairman Member Member Member
CFO & Company Secretary	Mr. Muneer Gader	
Head of Internal Audit & Compliance	Mr. Zohaib Yaqoob	
Trustee Share Registrar	Central Depository Company of Pakistan Limited CDC House, 99-B, Block B, S.M.C.H.S, Main Shahra-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	



External Auditors	Deloitte Yousuf Adil & Co. Chartered Accountants Cavish Court A-35, Block 7& 8, K.C.H.S.U, Shahra-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	MYK Associates (Private) Limited
Shariah Advisor	Alhamd Shariah Advisory Services (Private) Limited
Rating Agency	JCR-VIS Credit Rating Company Limited VIS House, 128/C, 25th Lane Off Khayaban-e-Ittehad, Phase VII, DHA, Karachi.
Ratings	RMC Rating: AM2 (Management Quality Rating) DCR Rating: RR1 (REIT Rating)
Registered Office of Management Company	Arif Habib Centre, 23 M.T. Khan Road, Karachi.



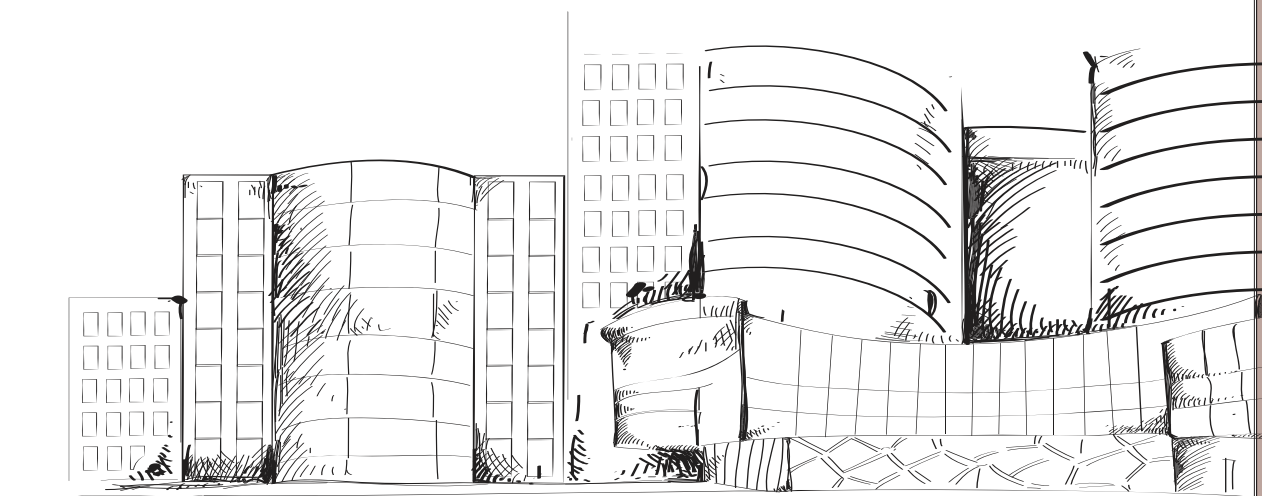
MANAGEMENT COMPANY'S STATEMENTS

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.

VALUES

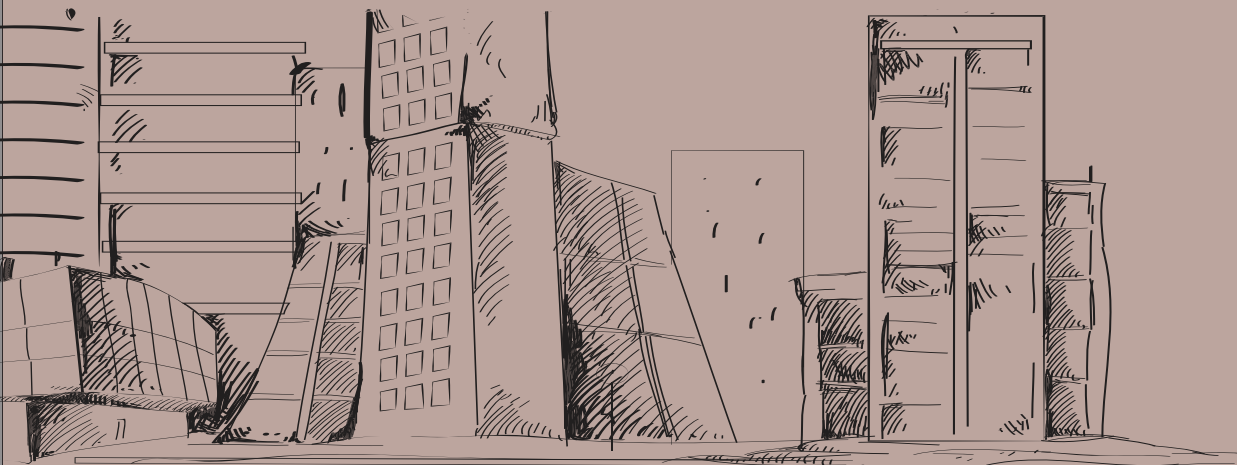
Responsibility
Energy
Integrity
Teamwork



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 selected group of clientele.

We endeavor to provide solutions that not only contribute to the financial bottom-line for our customers but also help them create a distinct strategic advantage.



BOARD OF DIRECTORS' PROFILE

Mr. Nasim Beg

Chairman

Qualified as a Chartered Accountant in 1970; also holds a Bachelor's degree in Commerce from Karachi University. Founder Chief Executive of Arif Habib Consultancy and was the founder Chief Executive (now Vice Chairman) of MCB-Arif Habib Savings & Investments Limited (formerly Arif Habib Investments Limited), a leading Asset Management Company of Pakistan. Serves on the Board of Silk Bank Limited, as well as on the Boards of several Arif Habib Group companies and apart from being Chairman of the REIT Management Company also Chairs the Board of Power Cement Limited.

He has work experience of forty-eight years in manufacturing industry, as well as the financial sector, in domestic as well as international markets. Was part of the task force set up by the Securities & Exchange Commission of Pakistan (SECP) to develop the Voluntary Pension System. Was the founder Chairman of the SECP sponsored Institute of Capital Markets and was a Member of the Prime Minister's Economic Advisory Council.

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
Power Cement Limited (Chairman)
Safemix Concrete Limited
Silkbank Limited

Mr. Asadullah Khawaja

Independent Director

Mr. Asadullah Khawaja is the Chairman of Arif Habib Corporation Limited. He started his professional career with United Bank Limited and soon switched to investment banking with Investment Corporation of Pakistan (ICP) where he served in various executive positions before taking charge as the Managing Director.

Mr. Khawaja also held the additional charge as Chief Executive of Bankers Equity Limited (BEL) and National Investment Trust Limited (NITL). His foreign assignments include five years at Pakistan Embassy in London as Investment Counsellor. During his professional career he has served as Chairman Packages Limited, Chairman Pakistan Industrial Credit and Investment Corporation (PICIC) and also the Executive Director of Pakistan Credit Rating Agency. Mr. Khawaja has also served on the Board of Directors of prestigious institutions of domestic and international standings and the list of companies can be termed impressive. He has also served as the Chairman of the Board of PICIC Asset Management Company.

Mr. Khawaja completed his Bachelor of Arts in 1964 from Forman Christian College, Lahore. Subsequently, he completed several local and foreign courses on banking, securities, industries management, investment analysis and portfolio management. Moreover, he has participated in various international seminars and workshops on investment oriented issues.

Corporate Responsibilities

As Director

Arif Habib Corporation Limited (Chairman)
Pak Elektron Limited
Summit Bank Limited
Premier Insurance Limited

Mr. Nadeem Riaz

Non-Executive Director

Mr. Nadeem Riaz, a non-executive director and representative of the Dolmen Group, is the Chairman of Dolmen Group and is also a member of both International Council of Shopping Centers (ICSC) and Middle East Council of Shopping Centers (MECSC), since 2002. Mr. Riaz has experience of over 30 years in the real estate market. He has developed and managed renowned and award winning residential, commercial and retail projects. He is a pioneer in developing state of the art retail shopping malls in Pakistan, which transformed the dynamics of the retail industry.

Corporate Responsibilities

International Complex Projects Limited

As Director

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

Mr. Qamar Hussain

Independent Director

Mr. Qamar Hussain is an independent director. He previously served as the President of National Bank of Pakistan (NBP). He holds a MBA degree in International Business & Finance from McGill University, Montreal, Canada and has undergone extensive training in business leadership abroad. Mr. Hussain started his banking career from Bank of America N.T. & S.A., Pakistan in 1981. Prior to joining NBP in 2009, he 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.

Corporate Responsibilities

As Director

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

BOARD OF DIRECTORS' PROFILE

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 his career at Al- Feroz (Private) Limited as Manager Special Projects in 2008 and 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.

As Director

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

Mr. Muhammad Ejaz **Chief Executive**

Mr. Muhammad Ejaz, is the founding Chief Executive of the Company which has successfully launched South Asia's first Listed REIT Scheme. 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, he has served at senior positions with both local and international banks. He was a treasurer of Emirates (NDB) Bank in Pakistan and served Faysal Bank as regional head of Corporate Banking group. He also served Saudi-Pak Bank, American Express Bank (now Silk Bank) as Head of Corporate and Investment Banking. He also had short stints at Engro Chemicals.

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 renders services in the field 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
Power Cement Limited
REMMCO Builders & Developers Limited
Sachal Energy Development (Private) Limited

Mr. 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 & Investments Limited
Power Cement Limited
Safemix Concrete Limited
Arif Habib Equity (Pvt.) Limited
Arif Habib Foundation
Arif Habib Real Estate Services (Pvt.) Limited
Black Gold Power Limited
Nooriabad Spinning Mills (Pvt.) Limited
Pakarab Fertilizers Limited
Pakistan Opportunities Limited
REMMCO Builders & Developers Limited
Rotocast Engineering Company (Pvt.) Limited
Sukh Chayn Gardens (Pvt.) Ltd





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 up hold the best interest of the Unitholders 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 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 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 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.



Nasim Beg

Chairman

25 September 2018





DIRECTORS' REPORT

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, 2018**, together with auditors' report and other statutory reports.

Overview

The Directors are delighted to share that by the grace of the Almighty, the DCR has completed another successful year of operations in June of 2018. The Scheme continues to lead the capital markets in South Asia as the only Listed REIT and was recognised as the best Islamic REIT in the region. During the year DCR continued to deliver strong results as indicated in the Offering Document. Consistency of DCR performance is evident through maintenance of RR1 - rating (highest investment quality) by the Rating agency, Shariah compliance certification by the Shariah advisor and

year on year growth in dividend pay-out. Amid increasing supply side competition, Dolmen Mall remains the destination of choice for shoppers and businesses alike; evident through maintaining high occupancy levels and revenue numbers. The Harbour Front similarly remained a benchmark for top quality office space in the country. It is encouraging to note that constructive reforms in the legal and taxation environment surrounding REITs in Pakistan are underway which will pave the way for operational strengthening and capital markets attractiveness of DCR while opening the doors to further REITs being launched.

Financial Performance

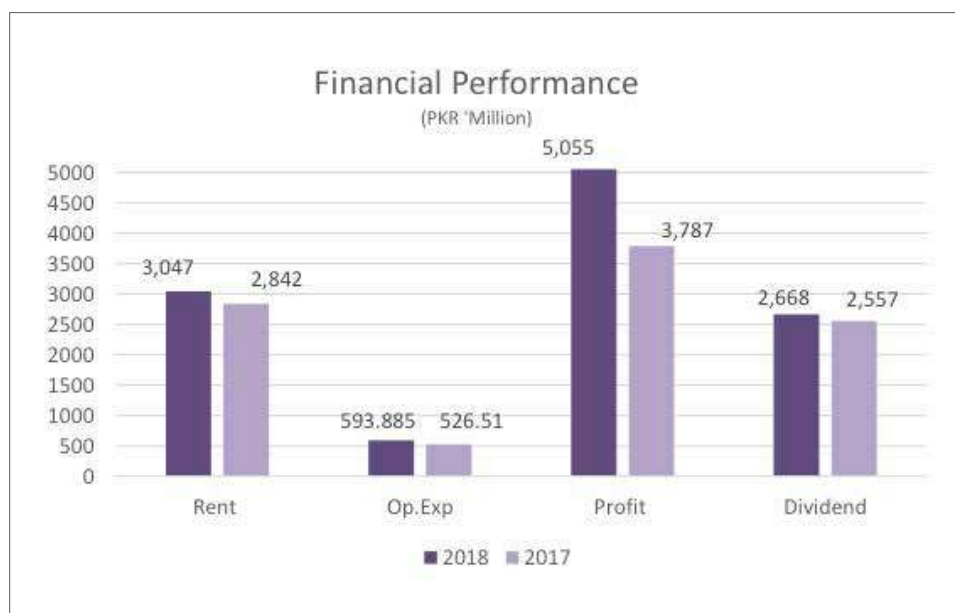
DCR's fund size as on June 30, 2018 was **PKR 41.119 billion** (June 30, 2017: PKR 38.839 billion) making it the biggest closed-end, Shariah compliant, listed instrument in Pakistan.

During the year under review, DCR recorded **rental income of PKR 3,046.978 million** (June 30, 2017: PKR 2,841.578 million) depicting a growth of

7.23% as compared to corresponding year, marketing income of PKR 210.165 million (June 30, 2017: PKR 167.991 million) and profit on Shariah compliant bank deposits of PKR 112.842 million (June 30, 2017: PKR 123.085 million).

Administrative, operating and other expenses amounted to PKR 593.885 million (June 30, 2017: PKR 526.510 million).

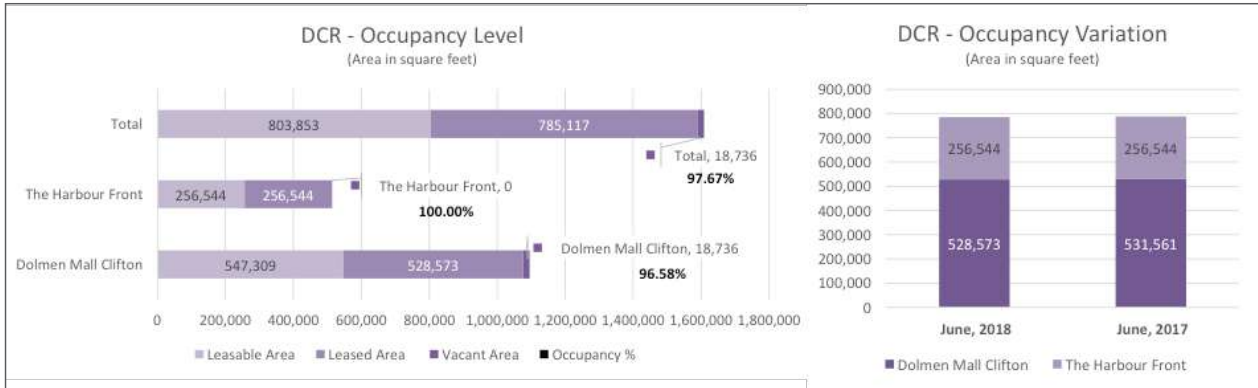
An amount of PKR 2.279 billion was also recorded as change in fair value of investment property as valued by MYK Associates (Private) Limited (MYK), an independent valuer (Refer to note 4 to the financial statements). This translates to **Profit after tax of PKR 5.055 billion** (June 30, 2017: PKR 3.787 billion) and **Earning per unit (EPU) of PKR 2.27**. The EPU comprises of distributable income of PKR 1.25 and PKR 1.02 being un-distributable unrealised fair value gains.



Operational Performance

DCR's real estate has witnessed consistent **occupancy levels** since its inception in 2015. Over the current year there was an inconsequential change of 0.28% and stood at 97.67% at the end of June 30, 2018 (June 30, 2017: 97.18%). DCR saw new tenants coming in the Mall including Aldo, Miniso, By the Way, Image among others; and a few outgoing tenants which included HSY, Silk Skin and others. Total vacant area in the DCR is 18,736 square feet with a number of potential tenancies are in the pipeline.

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



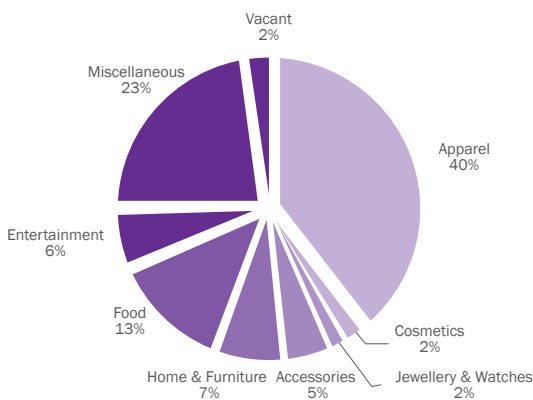
As on June 30, 2018, the Weighted Average Lease Expiry 'WALE' based on the leasable area of Dolmen City Mall (68% of the total area) is around 3.03 years and of the Harbour Front (32% of the total area) is around 3.35 years (DCR's current average lease expiry is 3.13 years).

DCR Tenancy Profile

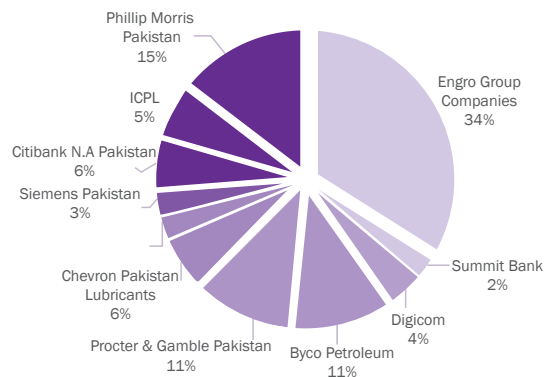
Existing occupancy of the subject real estate is held by credible tenants (mostly international brands and multinational corporations) generating a steady cash flow stream. Dolmen Mall Clifton anchored by Hyperstar and Debenhams, has a strong mix of local and international brands including Mango, Next, Nike, Khadi, Timberland and Charles & Keith. There are a total of 189 stores (including vacant stores). As seen in the chart below, the highest occupancy by tenant retail category is apparel (40%) while food (13%) is the runner-up. Other categories represent an even tenancy mix. The mall provides a strong eco-network 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 Corporation, Phillip Morris, Mitsubishi Corporation. and Procter & Gamble, amongst others. There are 17 lettable floors which are at present fully occupied.

MALL - TENANCY PROFILE (AS AT JUNE 2018)



HARBOUR FRONT - TENANCY PROFILE (AS AT JUNE 2018)



Islamic Finance Excellence Award

During March 2018, your REIT management company received appreciation from the **Global Forum on Islamic Finance**, organized by Center of Islamic Finance-Comsats Lahore, for introducing Shariah compliant REITs in Pakistan and bringing real estate asset class within the reach of small savers. The forum, as part of their annual distribution of Islamic Finance Excellence Awards, presented **Dolmen City REIT** with '**Best Islamic REIT in the region**' award, in recognition of outstanding performance since inception.

The Property Manager of DCR played an instrumental role in maintaining the goodwill, tenancies and brand image at the real estate site and enticed Karachiites to visit, shop and be part of the Dolmen Mall experience. The quarterly **Dolmen Magazines** kept patrons abreast of 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 FY18 resulted in achieving a healthy footfall of around **10 Million** (average monthly footfall was **843,919 visitors**). With a legacy of over 25 years of the Dolmen Mall brand, we entered 2018 on a high note with successful conclusion of the 25th Dolmen Shopping Festival. From Ramzan and Eid Shopping extravaganzas to Independence Day and New Year celebrations, every significant occasion of the season saw its festivities at the Dolmen City Mall.

Monthly average marketing income from the scheme's operations saw **25.10%** increase during the current year at **PKR 42.174 Million**. Casual leasing during various events, Ramadan, Eid, New Year and Dolmen Bazaar augmented the growth of ancillary income. 17 new kiosks and carts were introduced. Moreover brand activation events by PSO, McDonalds, Al-Karam, for example, also contributed in ancillary income.

Dolmen Shopping Festival and Ramadan Campaign and Eid Bazaar did exceptionally well recording the highest footfall at the Mall. Other notable events were Independence Celebrations, Mother's Day Celebration, World Health Day, Back to school Festival, Dolmen Gets Fit (one of its kind fitness festival), Pakistan Resolution Day, Karachi Eat Festival, Women's International Day and much more.

Independence Celebrations at Dolmen Malls has long been a signature event. This year the 70th Anniversary of Pakistan was celebrated on a very grand stage with exterior of mall lit-up from August 1 2017 while the interior was festively decorated from August 8 2017.

The goal was to translate that theme into all marketing collateral, activities, communication and décor. Overall, the event generated a footfall of 169,608 visitors.

Pakistan Day: This year, Dolmen celebrated Pakistan Day (23rd March) from March 23, 2018 till March 25, 2018. The Mall paid tribute to the Nation's valour and resolve by adorning itself in patriotically crafted thematic ambience in green and white leading up to the significant day. Outlets at the mall joined the celebrations by offering 23% discount at their outlets.

Shoppers thoroughly enjoyed the experience and there was 14.4% increase in the footfall from last year which was recorded at **107,115**.

Annual Ramadan Campaign: The Mall brought a delightful array of Ramadan themed activates bringing families together through the

best of shopping, rewards, food and entertainment. Mall was decked up thematically with Arabic motifs, lanterns and installations to share the festive feeling with its customers and celebrate the holy month of Ramadan.

This Ramdan; Dolmen brought leading international and local brands together to share pre- Eid smiles with the community and collaborated with The Citizen's Foundation by delighting the top 70 achievers with a recreational and educational trip to the mall. Aged between 8 to 11 years, boys and girls were delighted to participate in an "on the house" shopping spree and iftaar upon completion of their academic term.

Dolmen Shopping Festival: For the 25th annual Dolmen Shopping Festival, Dolmen Mall celebrated 16 days of festivities (December 22, 2017 to January 7, 2018). DSF brought together leading international and local brand discounts, surprise giveaways, fun-filled contests, exciting promotions and delicious food. A number of engaging activities with renowned celebrities and participating brands were undertaken including unveiling of the grand prizes of Dolmen Draw.

The footfall recorded during the festival was **549,369**. An average daily footfall was approximately **32,000** depicting a 2% increase from last year.

Dolmen Mall collaborated with Karachi Chefs at Dolmen to prepare Eid desserts and delicacies for the Eid ki Mithaas contest on Tuesday June 12, 2018. With more than 100 registrations, a select group of 50 passionate home based chefs from all over Karachi, prepared desserts at home and brought them to the jury at the mall. The Mall achieved a footfall of **943,186 visitors** during the month of Ramadan.

Mothers' Day: Dolmen Mall came alive this Mother's day by giving families memorable moments paying tribute to the mothers who are integral part of the mall legacy of convenience. Dolmen Mall offered shoppers extraordinary discounts and food deals to celebrate most precious bonds with their mothers. Many mall and external brands participated in setting up their stalls and exhibits to celebrate Mother's Day offering a host of engaging activates. The event recorded a total footfall of 113,034.

Distribution of Dividend

During the first nine months of the year the Board of Directors have declared and distributed an interim dividend of PKR 0.90 / unit i.e. 9.00% in equal proportion on quarterly basis. At the year end the board had declared and distributed a final dividend at PKR 0.30 / unit i.e. 3.00%. Consequently on a cumulative basis DCR has declared and distributed total dividend of **PKR 1.20 / unit** providing annualized dividend yield equal to 12% based on par value and 10.91% for IPO Investors at a strike price of PKR 11 per unit. The total pay-out for the year ended 30 June, 2018 remained at 96% of distributable income equivalent to **PKR 2.668 billion**.

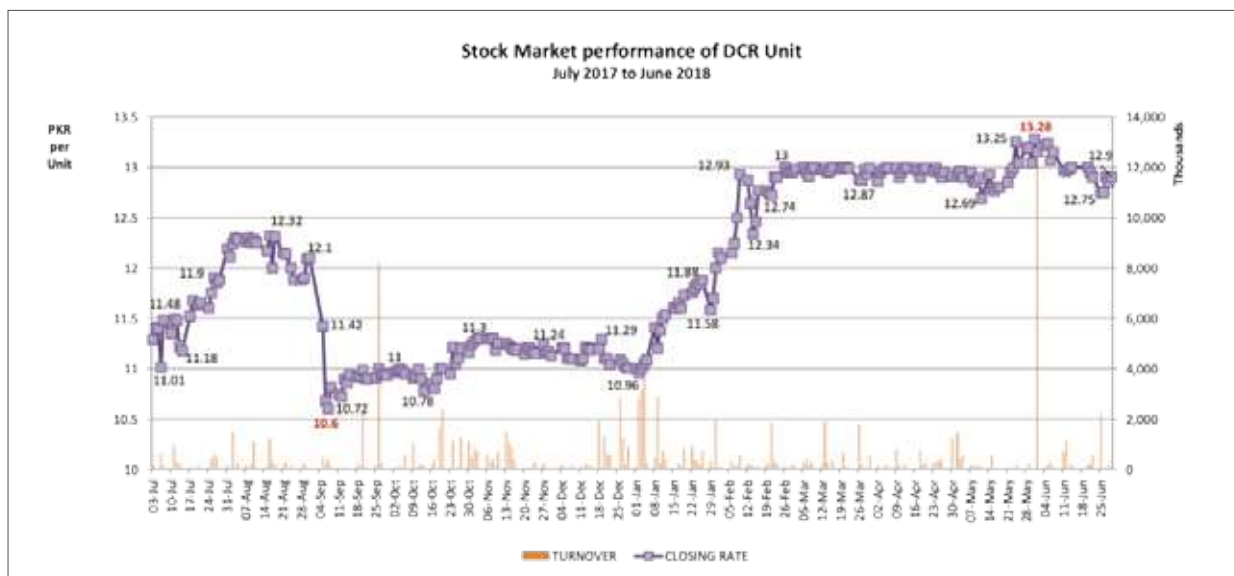
Shariah Compliance

Complying with Shariah guidelines, the fund's real estate remained secure under Takaful policies by "A" rated Pakistani operators which have support from international and renowned Re-Takaful syndicate. DCR enjoyed a no-claim bonus during the outgoing year. 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 11.98** (which is **9.94%** higher when compared with last year's average PKR 10.90) and touched a high of **PKR 13.28** and a low of **PKR 10.60** per unit. The low price reflects the divided exclusion effect in September last year. During the same period KSE100 index moved in the range between **47,084.34** to 37,919.42. In an extremely volatile market, the stock of DCR remained fairly stable with beta of **0.28** (which means for a given 100% change in market KSE-100 Index, DCR would change only 28%, beta here represents low volatility and elasticity) and covariance with the market of only 0.25 (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 18.99** at the year ended on June 30, 2018 (**PKR 18.77** at June 30, 2017). DCR on its closing Unit price of **PKR 12.90** on June 29, 2018 traded at a **discount of 32.06% to its NAV**.



Business Environment

The business environment surrounding DCR remains stable. Karachi is one of the fastest growing cities in Pakistan, as such the demand for commercial space; both office and retail is continuously increasing. The skyline has been seeing continuous augmentation to supply which is presently in grey structure or planning stages however we have not seen any new development being delivered during this fiscal period. Similarly for the upcoming fiscal year, we do not anticipate the delivery of significant supply which would have an impact on the operational business of DCR.

Recently, significant office space requirement from banks has been channelled to dedicated developments such as HBL moving to G4 (26 floors), Summit Bank moving to Bakht Tower (retail, office, residential) and Silk Bank Tower under construction on I.I. Chundrigar Road. While these institutions represent a major 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 competition is represented almost solely by Bahria Icon Tower, a 62 storey mixed use retail, leisure, office and residential development. Introduction of new, quality malls in the country can bring with it benefits of several international brands eyeing Pakistan as their next destination. Work on the development had however slowed down in lieu of the caveats imposed by the Sindh High Court. The development is now in finishing stages and we do not anticipate space becoming available in the next fiscal year.

Despite the addition to supply 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.

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 recognizing 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 empathetic relations with every tenant.

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 the 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 new government gets settled in, we see a wave of positivity in the commercial environment and anticipate this being translated to more demand for office space. The related improvement in economics is expected to positively affect consumption thus bolstering the retail segment.

With professional property management, long lease tenures, extensive marketing activities and renowned tenants, we remain confident that Dolmen City will remain the destination of choice for the visitors, retail operators and corporations alike. This is also confirmed by the DCR Rating reaffirmation for the third year in a row (**RR1**, highest investment quality) by JCR-VIS Credit Rating Agency in 2018. 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 as the mall is nearing maximum 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 the REIT Regulations and other applicable laws and standards. These factors continue to provide DCR's Unit Holders with a rewarding investing experience.

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 familiar with 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 adopted and consistently applied in preparation of the financial statements except for the changes as stated in note 2.5 of the financial statements; and accounting estimates 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 2018, five (05) Board Meetings, four (04) Audit Committee Meetings and three (03) Human Resource & Remuneration Committee Meeting were held. Attendance by director were as follows

Name of Director	Board Meeting	Audit Committee	Human Resource & Remuneration Committee
Mr Nasim Beg	4	N/A	N/A
Mr Nadeem Riaz	4	N/A	3
Mr Asadullah Khawaja*	5	4	1
Mr Qamar Hussain	4	4	N/A
Mr Samad A. Habib	4	4	3
Mr Faisal Nadeem	5	N/A	N/A
Mr Muhammad Ejaz	5	N/A	3

* Mr. Asadullah Khawaja has been appointed on the Human Resource & Remuneration Committee with effect from February 2018.

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 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 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:	Nil

Composition:	
(a) Independent Director:	2
(b) Non-Executive Director:	3
(c) Executive Director:	1

Committees of the Board:

Audit Committee	
Mr Qamar Hussain	Chairman
Mr Samad A. Habib	Member
Mr Asadullah Khawaja	Member

Human Resource & Remuneration Committee	
Mr Asadullah Khawaja	Chairman
Mr Nadeem Riaz	Former Chairman / Member
Mr Samad A. Habib	Member
Mr Muhammad Ejaz	Member

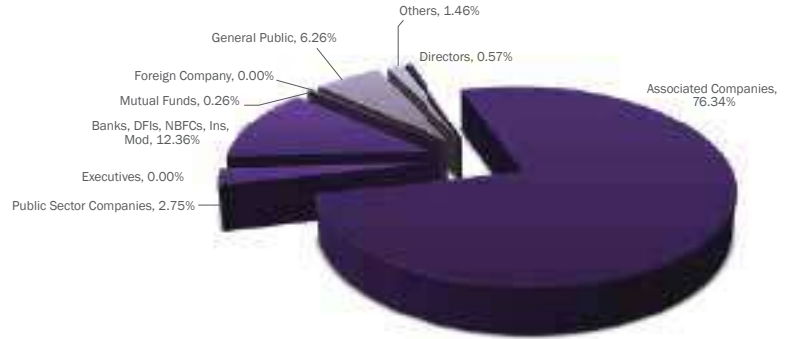
* (Mr Asadullah Khawaja was appointed on Human Resource & Remuneration Committee and in the capacity of the Chairman with effect from 18 February 2018)

Pattern of Unitholding

The units of DCR are listed on Pakistan Stock Exchange. There were 3,926 unitholders of DCR as of 30 June 2018. The detailed pattern of unitholding and categories of unitholding of DCR including units held by directors and executives, if any, are annexed as Annexure-II.

The pattern of Unit holding in DCR as at June 30, 2018 is detailed in Annexure 'III' to this report.

Categories of Unit holders	Unit Held	%
Directors	12,577,149	0.57%
Associated Companies	1,697,564,500	76.34%
Executives	-	0.00%
Public Sector Companies	61,042,950	2.75%
Banks, DFIs, NBFs, Ins, Mod	274,956,453	12.36%
Mutual Funds	5,837,704	0.26%
Foreign Company	125,000	0.00%
General Public		
- Local	139,108,396	6.26%
- Foreign	31,000	0.00%
Others	32,456,848	1.46%
Total	2,223,700,000	100%



Financial and Business Highlights

The key operating and financial data has been given in summarized form under the caption "Financial & Business Highlights" (Page 32) and graphic representation are annexed on (Page 33).

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. Deloitte Yousuf Adil & Co. Chartered Accountants, shall retire, and being eligible, have offered themselves for reappointment for the year ending on 30th June 2019. 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 approved reappointment of M/s. Deloitte Yousuf Adil & Co. Chartered Accountants, as auditors of DCR for the financial year ending on 30th June 2019 at a fee to be mutually agreed.

Election of Directors

In accordance with the provisions of Section 161 of the Companies Act, 2017 the three year term of seven directors of RMC elected in the annual general meeting of RMC in 2015, will be completed in October 2018.

Post Balance Sheet Events

There have been no material changes since 30th June 2018 to the date of this report except the declaration and distribution of a final Cash Dividend @ Rs. 0.30 / unit i.e. 3.00 %. This was in addition to interim dividend declared and distributed @ Rs. 0.90 / unit i.e. 9.00%. 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
25 September, 2018

ANNEXURE I

Statement showing units bought and sold by Directors, CEO, CFO, Company Secretary and their Spouses and Minor Children from 1st July 2017 to 30 June 2018.

NAME	DESIGNATION	UNITS BOUGHT	UNITS SOLD	REMARKS
Mr. Nasim Beg	Chairman	-	-	-
Mr. Nadeem Riaz	Director	755,000	-	-
Mr. Asadullah Khawaja	Director	-	-	-
Mr. Qamar Hussain	Director	-	-	-
Mr. Abdus Samad A. Habib	Director	-	-	-
Mr. Faisal Nadeem	Director	545,454	-	-
Mr. Muhammad Ejaz	Chief Executive	-	-	-
Mr. Muneer Gader	CFO & Company Secretary	-	-	-
Ms. Uzma Nadeem	Spouse of Mr. Nadeem Riaz	600,000	-	-
Minor Children	-	-	-	-

ANNEXURE II - PATTERN OF UNITHOLDING

CATEGORIES OF UNITHOLDERS AS AT 30 JUNE 2018

CATEGORIES	NUMBER OF UNIT HOLDERS	NUMBER OF UNITS HELD	HOLDING (%)
Directors, Chief Executive and their Spouses and minor children	3	12,577,149	0.57
Executives	-	-	0.00
Associated Companies, Undertakings and Related Parties	2	1,697,564,500	76.34
Public Sector Companies and Corporations	3	61,042,950	2.75
Banks, Development Finance Institutions, Non-Banking Finance Companies, insurance companies, Takaful companies, Modarbas and pension funds	21	274,956,453	12.36
Mutual Funds	11	5,837,704	0.26
Others	45	32,456,848	1.46
General Public - Local	3838	139,108,396	6.26
General Public - Foreign	2	31,000	0.00
Foreign Company	1	125,000	0.00
	3,926	2,223,700,000	100

PATTERN OF UNITHOLDING

CATEGORIES OF UNITHOLDERS AS AT 30 JUNE 2018

CATEGORIES	NUMBER OF UNIT HOLDERS	NUMBER OF UNITS HELD	HOLDING (%)
Directors, Chief Executive and their Spouses and minor children			
Mr. Nadeem Riaz	1	6,860,000	0.31
Mr. Faisal Nadeem	1	2,509,500	0.11
Mrs. Uzma Nadeem	1	3,207,649	0.15
	3	12,577,149	0.57
Executives	-	-	-
Associated Companies, Undertakings and Related Parties			
International Complex Projects Ltd.	1	1,667,775,000	75.00
Dolmen Real Estate Management (Pvt.) Ltd	1	29,789,500	1.34
	2	1,697,564,500	76.34
Public Sector Companies and Corporations	3	61,042,950	2.75
Banks, Development Finance Institutions, Non-Banking Finance Companies, insurance companies, Takaful companies, Modarbas and pension funds	21	274,956,453	12.36
Mutual Funds			
CDC - TRUSTEE MEEZAN BALANCED FUND	1	4,659,000	0.21
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	704	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	120,000	0.01
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	249,500	0.01
MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND	1	271,000	0.01
CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	137,500	0.01
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	50,000	0.00
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	50,000	0.00
CDC - TRUSTEE ASKARI EQUITY FUND	1	100,000	0.00
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	100,000	0.00
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	100,000	0.00
	11	5,837,704	0.26
Others	45	32,456,848	1.46
Foreign Company	1	125,000	0.00
General Public			
Local	3,838	139,108,396	6.26
Foreign	2	31,000	0.00
	3,840	139,139,396	6.26
	3,926	2,223,700,000	100
Unitholders holding 5% or more			
International Complex Projects Ltd.	1	1,667,775,000	75.00

PATTERN OF UNITHOLDING

CATEGORIES OF UNITHOLDERS AS AT 30 JUNE 2018

# OF UNITHOLDERS	UNITHOLDING'S SLAB			TOTAL UNITS HELD
94	1	to	100	1,615
1353	101	to	500	671,327
833	501	to	1000	827,592
722	1001	to	5000	2,082,231
239	5001	to	10000	2,119,674
64	10001	to	15000	847,332
66	15001	to	20000	1,247,000
57	20001	to	25000	1,365,402
28	25001	to	30000	802,017
16	30001	to	35000	527,515
27	35001	to	40000	1,060,000
11	40001	to	45000	473,500
59	45001	to	50000	2,900,209
10	50001	to	55000	527,000
14	55001	to	60000	814,500
3	60001	to	65000	195,000
9	65001	to	70000	618,000
13	70001	to	75000	946,625
28	75001	to	80000	2,227,300
5	80001	to	85000	419,733
7	85001	to	90000	622,391
6	90001	to	95000	551,000
46	95001	to	100000	4,585,652
5	100001	to	105000	513,430
5	105001	to	110000	532,000
4	110001	to	115000	452,000
8	115001	to	120000	955,000
7	120001	to	125000	870,000
3	125001	to	130000	384,000
7	130001	to	135000	940,830
2	135001	to	140000	273,123
2	140001	to	145000	289,000
2	145001	to	150000	300,000
1	150001	to	155000	155,000
2	155001	to	160000	317,000
2	165001	to	170000	333,266
2	170001	to	175000	350,000
2	175001	to	180000	360,000
3	180001	to	185000	549,500
1	185001	to	190000	190,000
1	190001	to	195000	194,450
9	195001	to	200000	1,800,000
2	200001	to	205000	407,000
3	205001	to	210000	625,972
1	210001	to	215000	212,000
3	215001	to	220000	654,000
2	220001	to	225000	447,000
2	225001	to	230000	456,066

PATTERN OF UNITHOLDING

CATEGORIES OF UNITHOLDERS AS AT 30 JUNE 2018

# OF UNITHOLDERS	UNITHOLDING'S SLAB			TOTAL UNITS HELD
1	230001	to	235000	230,769
1	240001	to	245000	245,000
3	245001	to	250000	745,500
3	255001	to	260000	776,500
2	260001	to	265000	526,000
1	265001	to	270000	266,000
2	270001	to	275000	546,000
2	280001	to	285000	565,500
1	290001	to	295000	292,500
3	295001	to	300000	900,000
1	300001	to	305000	302,500
3	310001	to	315000	939,500
1	315001	to	320000	320,000
1	330001	to	335000	334,500
3	335001	to	340000	1,014,500
1	340001	to	345000	342,500
1	345001	to	350000	350,000
1	360001	to	365000	363,500
1	365001	to	370000	368,500
1	370001	to	375000	375,000
1	375001	to	380000	380,000
3	395001	to	400000	1,200,000
2	405001	to	410000	816,165
1	410001	to	415000	412,500
2	430001	to	435000	865,200
1	435001	to	440000	436,500
1	445001	to	450000	450,000
1	450001	to	455000	450,500
1	470001	to	475000	474,000
11	495001	to	500000	5,500,000
1	505001	to	510000	507,500
1	520001	to	525000	525,000
2	530001	to	535000	1,067,700
1	545001	to	550000	550,000
1	565001	to	570000	566,500
1	595001	to	600000	600,000
1	655001	to	660000	660,000
1	695001	to	700000	700,000
1	705001	to	710000	709,149
1	740001	to	745000	742,500
1	765001	to	770000	766,000
3	830001	to	835000	2,499,999
1	890001	to	895000	895,000
1	895001	to	900000	900,000
1	930001	to	935000	934,500

PATTERN OF UNITHOLDING

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CATEGORIES OF UNITHOLDERS AS AT 30 JUNE 2018

# OF UNITHOLDERS	UNITHOLDING'S SLAB		TOTAL UNITS HELD
5	995001	to 1000000	4,998,500
1	1035001	to 1040000	1,040,000
1	1080001	to 1085000	1,081,333
1	1120001	to 1125000	1,121,500
1	1135001	to 1140000	1,139,000
1	1165001	to 1170000	1,166,666
1	1195001	to 1200000	1,200,000
1	1230001	to 1235000	1,233,000
1	1245001	to 1250000	1,250,000
1	1255001	to 1260000	1,255,500
1	1265001	to 1270000	1,268,000
1	1340001	to 1345000	1,345,000
1	1395001	to 1400000	1,400,000
2	1555001	to 1560000	3,115,060
1	1595001	to 1600000	1,600,000
1	1630001	to 1635000	1,630,500
1	1880001	to 1885000	1,880,500
1	1895001	to 1900000	1,900,000
2	1995001	to 2000000	4,000,000
1	2025001	to 2030000	2,025,500
1	2120001	to 2125000	2,120,500
1	2305001	to 2310000	2,310,000
1	2505001	to 2510000	2,509,500
1	2515001	to 2520000	2,517,000
1	2590001	to 2595000	2,591,318
2	2595001	to 2600000	5,200,000
1	2600001	to 2605000	2,602,000
1	2755001	to 2760000	2,759,500
1	3205001	to 3210000	3,207,649
1	3545001	to 3550000	3,550,000
1	4515001	to 4520000	4,517,000
1	4625001	to 4630000	4,626,500
1	4655001	to 4660000	4,659,000
1	4995001	to 5000000	5,000,000
1	5580001	to 5585000	5,585,000
1	5995001	to 6000000	6,000,000
1	6790001	to 6795000	6,794,400
1	6855001	to 6860000	6,860,000
1	7455001	to 7460000	7,456,500
1	7925001	to 7930000	7,929,000
1	8495001	to 8500000	8,500,000
1	8995001	to 9000000	9,000,000
1	14760001	to 14765000	14,763,437
1	22055001	to 22060000	22,058,602
1	28015001	to 28020000	28,018,018
1	29785001	to 29790000	29,789,500
1	35415001	to 35420000	35,417,833
1	37925001	to 37930000	37,930,000
1	38495001	to 38500000	38,498,000
1	41440001	to 41445000	41,441,000
1	41685001	to 41690000	41,690,000
1	51965001	to 51970000	51,967,450
1	1667770001	to 1667775000	1,667,775,000
3,926			2,223,700,000

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FINANCIAL HIGHLIGHTS

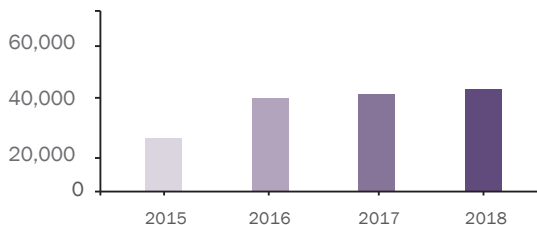
FINANCIAL HIGHLIGHTS

	30-Jun-18	30-Jun-17	30-Jun-16	30-Jun-15 (Based on one month operations)
Profitability				
Net Profit Margin				
Performance (Annualized Return for FY 15)	85.13%	85.79%	87.04%	90.69%
Return on total assets	11.76%	8.93%	43.40%	8.78%
Return on Unitholders' fund	11.97%	9.07%	44.07%	8.99%
Liquidity				
Current ratio (in times)	3.41	7.56	9.86	4.74
Cash to current liabilities	2.68	6.76	6.50	4.41
Market Ratios				
Dividend payout ratio	96%	98%	100%	100%
Dividend Yield (at par @ Rs.10 per unit)	12.00%	11.50%	10.40%	0.76%
Dividend Yield (as IPO strike @ Rs.11 per unit)	10.91%	10.45%	9.45%	0.69%
P/E Ratio (in times)	5.68	6.95	1.36	144.69
Valuation				
Earning per unit - Basic and diluted (PKR)	2.27	1.70	7.98	0.08
Net asset value per unit (PKR)	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
Trends (PKR '000)				
Management fee	83,194	77,459	69,575	5,300
Trustee fee	13,866	12,910	11,596	907
Net Operating Income	2,772,936	2,581,957	2,319,176	181,325
Profit before and after taxation	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
Unitholders' fund	42,232,181	41,735,498	40,261,026	22,688,323
Total assets	42,998,020	42,399,852	40,885,917	23,218,502

FINANCIAL HIGHLIGHTS

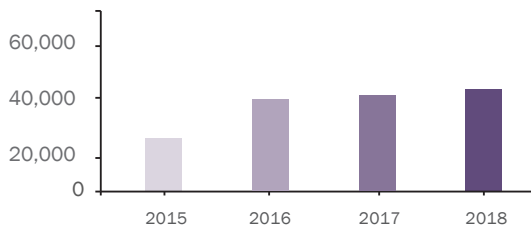
TOTAL ASSETS

Rupees in million



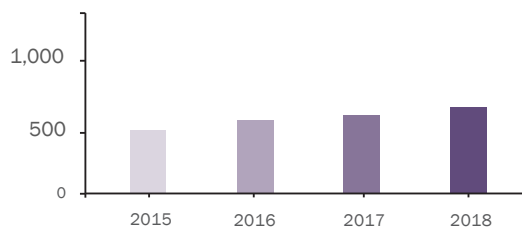
UNIT HOLDERS' FUND

Rupees in million



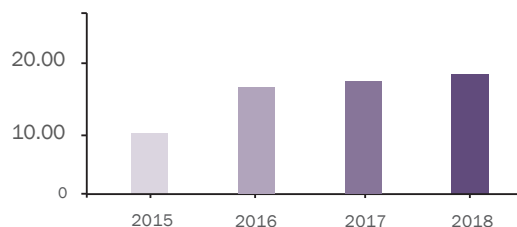
TOTAL LIABILITIES

Rupees in million



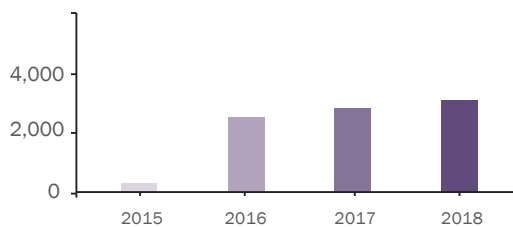
NET ASSET VALUE / UNIT

Rupees



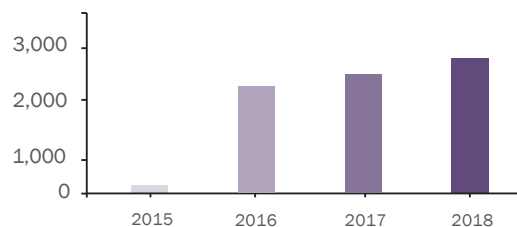
RENTAL INCOME

Rupees in million



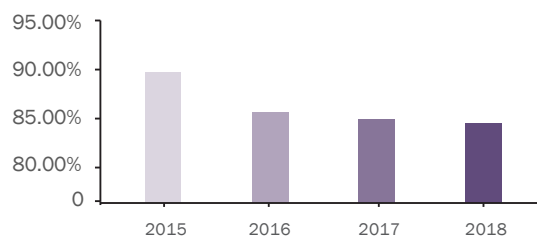
NET OPERATING INCOME

Rupees in million



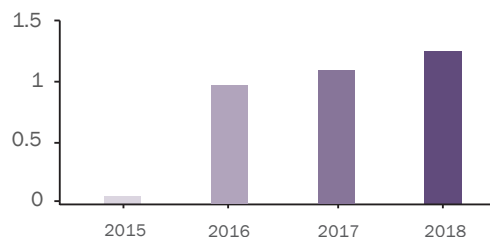
NET OPERATING MARGIN

Percentage



EPU - DISTRIBUTABLE INCOME

Rupees







STATUTORY REPORTS

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S.M.C.H.S., Main Shakra-e-Faisal,
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Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



**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 materially complied with the Business Plan during the year ended June 30, 2018.

Aftab Ahmed Diwan
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 24, 2018



SUBJECT: ANNUAL SHARIAH REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2018

Dolmen City REIT is a Shariah Compliant REIT launched in the month of June 2015. The structure of Dolmen CITY REIT is based on Shirkah and Ijarah. According to the structure, all Unit Holders are co-owners of the Project (Harbor Front and Dolmen Mall) and they will receive the dividends based on the income from rentals. Shirkah and Ijarah both are Shariah compliant products.

The year under review is the fourth year of the Dolmen City REIT. In the capacity of Shariah Advisor, we reviewed the transactions conducted during the year. In our review, we found all the investment and rental related matters Shariah compliant.

In our opinion the business affairs of Dolmen City REIT have been generally carried out in accordance with rules and regulations of Shariah, therefore we confirm that the income generated under this REIT for the Unit Holders is HALAL AND SHARIAH COMPLIANT.

We are thankful to the Directors and management of Arif Habib Dolmen REIT management company, the trustee, property manager and other stake holders in providing full support and cooperation to make this transaction Shariah compliant and our special thanks to all Unit Holders who invested in this REIT and showed full trust on the this Project.

May Allah may grant us the best reward for our contribution in this REIT and may give the fruits of this REIT to all unit Holders. Aameen



Mufti Muhammad Ibrahim Essa

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

SECP/IFD/SA/046

Date: 7-8-2018

VALUATION REPORT FOR COMMERCIAL PROPERTY DOLMEN CITY MALL AND HARBOUR FRONT "COVERING PAGE OF EVALUATION REPORT"

MYK Reference No: KHI/14144/06/2018
Date of Valuation Report: June 30, 2018
Date of Survey & Valuation: June 20, 2018
Type of Valuation: Full Scope [✓]
Applicant Name: DOLMEN CITY REIT
location of Property: Under Evaluation Commercial Property "Dolmen City Mall and Harbour Front" constructed on HC-3, Clifton Block No: 4, Karachi.

Type of Asset	Fair Market Value (FMV) (PKR)	Disposition Value (DV) / Orderly Liquidation Value (OLV)		
		Discount Factor (%)		Force Sale Value (FSV) (PKR)
		DV	OLV	
Cost Approach Value	21,632,292,000			
Sales Comparison Value	59,712,585,500	20		47,770,068,400
Income Capitalization Approach				
i) Property Value based on MYK estimated Income Capitalization Value	43,729,626,405			
ii) Property Value based on DCR 's (projected NOI based on existing rental agreements and expected rent for the vacant area) Capitalization Value	41,119,132,290			

*As per documents / information collected from local search.

Any Disqualification / Observation: **No** [✓] Yes []

If "Yes", please explain: **None**

Others Details: **None**

FMV: The value at which a property would be sold in one year period, considering both seller and buyer are willing but not compelled to buy or sell.

DV: Applicable for land & building and is the Fair Market Value (FMV) less disposition costs as appropriate to the market for sale within 180 days.

OLV: Applicable for Equipment and is the value expected from collateral, with a willing buyer and seller, based on an appropriate marketing period, not to exceed 90 days, less selling costs, if they are expected to be in excess of 2%.

MYK Reference No:	KHI/14144/06/2018
Date of Valuation Report:	June 30, 2018
Date of Request Received:	Through Email dated June 02, 2018
Requested By:	REIT MANAGEMENT COMPANY (M/s Arif Habib Dolmen REIT Management Limited)
Client Name:	DOLMEN CITY REIT
Address of Property:	Under Evaluation Commercial Property, "Dolmen City Mall & Harbour Front" constructed on Plot No: HC-3, situated at Clifton Block No: 4, Karachi.
Date of Visit:	June 20, 2018
Appraised By:	Team of MYK Associates (Private) Limited
Identified By:	Team of Arif Habib Dolmen REIT Management Limited.
Type of Property:	Shopping Mall & Multi storey Office Building
Property Utilization:	Fully Commercial [<input checked="" type="checkbox"/>] Vacant [<input type="checkbox"/>] Fully Industrial [<input type="checkbox"/>]
Type of Title:	Commercial (As per Documents)
Surroundings:	Residential Cum Commercial [<input checked="" type="checkbox"/> , Fully Residential [<input type="checkbox"/>], Fully Industrial [<input type="checkbox"/> , Fully Commercial [<input type="checkbox"/>] Commercial cum Residential [<input type="checkbox"/>]
Occupancy Status:	Owner [<input type="checkbox"/>] Tenant [<input checked="" type="checkbox"/>] Vacant [<input type="checkbox"/>]
Cost Approach Value:	PKR. 21,632,292,000
Sales Comparison Value:	PKR.59,712,585,500
Property Value based on MYK estimated Income Capitalization Value:	PKR.43,729,626,405
Property Value based on OCR revenue Income Capitalization Value:	PKR.41,119,132,290

VALUATION INITIATIVE:

In accordance with the provision of REIT Regulations-2015, M/s Arif Habib Dolmen REIT Management Limited (the company) appointed MYK Associates Pvt Ltd as a "PBA no limit valuer" to provide its services for valuation of Dolmen City REIT Property, Dolmen City Mall and Harbour Front constructed on the Commercial Plot of Land Bearing No: HC-3, Block No: 04, Scheme No: 05, Marine Drive, Clifton.

A team from M/s. MYK Associates Private Limited (comprising of the following officials) visited Dolmen City Mall and the Harbour Front for survey and inspection to complete the assignment within the stipulated time.

- **Engr. Iftekhhar Ahmad**
- **Syed Shabab Raza**
- **Engr. Muhammad Tauqir**
- **Engr. Kiran Ashraf**
- **Engr. Sidra Tahir**

From time to time, meetings with the officials of Arif Habib Dolmen REIT Management Limited were carried out to gather the details and information regarding these properties. Thereafter, extensive and detailed survey of Dolmen City Mall and the Harbour Front Office Building with reference to documents and information provided by the representative(s) of Arif Habib Dolmen REIT Management Limited were conducted.

MYK ASSOCIATES (PRIVATE) LIMITED (ISO 9001-2015 ACCREDITED) (QUALITY SOLUTIONS PROVIDER TO THE FINANCIAL SECTOR)

MYK Associates (Private) Limited is an ISO-9001-2015 accredited real estate valuator of Pakistan. We ensure the valuation of international standards to the satisfaction of client as well as the concerned departments / institutions. Upon achieving the accreditation, we are adhering to maintain the customer requirements, establish client's trust and to enable the participation in continual improvement.

MYK has been founded by M. Younas Khan FCA (England & Wales), Ex Country General Manager, Deutsche Bank AG in Pakistan. It was incorporated in September 2000 and is registered under the Pakistan Companies Ordinance 1984. As a professional Survey and Evaluation company, MYK Associates (Pvt.) Limited has over 14 years of experience of conducting evaluation, inspection and muceddam management assignments. It provides services to the Financial and Private Sector in Pakistan and is on the approved panel of Pakistan Banks Association. As a nationwide company, our services comprise of Valuations of Fixed and Current Assets, Inspections of Hypothecated and Pledged Stock and Collateral value (Muceddam) etc. We are also on the approved panel of NBF1 and Modarba Association of Pakistan. Our some of prestigious projects that valuation carried out by MYK Associates (Pvt) Limited:

- i. M/s. CDC House, Shahrah-e-Faisal, Karachi
- ii. M/s. NJI Building, I.I Chundrigar Road, Karachi
- iii. M/s. TPL Trakker Building, Korangi Road, Karachi
- iv. M/s. Stock Exchange Building, I.I Chundrigar Road, Karachi
- v. M/s. The Centre Building opposite Zainab Market and many mores.

Over the years, our valuation assignments cover a wide spectrum in consumer retail, industrial, commercial, agricultural and corporate portfolios that encompass land, building, plant & machinery, commercial buildings, hospitals, residential properties as well as open plots both in rural and urban areas. We currently conduct inspections for all the corporate and commercial clients for different banks. Our muceddam department expertly manages different portfolios including seasonal crops, which include wheat, rice, cotton, as well as ship breaking, molasses, ethanol, sugar, edible oil, and canola.

MYKs' Mission is to provide strategic counsel, creative solutions and responsive services in a timely manner to the Financial Sector. MYKs' vision is to be recognized as a leader in providing seamless services through superior quality and commitment as well as achieving operational excellence, industry-leading clientele satisfaction through superior performance

TEAM OF MYK ASSOCIATES (PRIVATE) LIMITED.

Engr. Iftekhhar Ahmed

He holds the position of Senior General Manager at MYK Associates (Private) Limited. By profession he has graduated (B. E.) from NED University of Engineering and Technology, Karachi and is a registered Professional Engineer of PEC (Pakistan Engineering Council) and has vast experience of national and international organizations. He also achieved legal qualification LL.B., LL.M. and having expertise of Agreement and Contracts writing as well as to lead the legal team to litigate on technical matters. He has acquired training from ABB at Dubai, UAE in "Power Control Management" and "Assets handing procedures"

His other associations and affiliations are as following:

- Professional Engineer (PEC).
- Member IEEE (USA).
- Member IEP Karachi Pakistan.
- Member IEEE (Pak)

Mr. Sharjeel Siddiqui - Manager Technical Valuations

He holds the position of Manager Technical Valuations at MYK Associates (Private) limited. He has vast experience in the technical matters of Valuations and Surveys.

Mr. Shabab Raza - Manager Evaluations

He holds position of Manager Valuations at MYK Associates (Private) limited. He has more than 15 years of vast experience in the field of property Valuations and Surveys; Mr. Shabab is amongst the top experts of Karachi in this particular field.

Engr. Muhammad Tauqir - Surveying Engineer & Evaluations:

He is working as a Surveying Engineer & Evaluations at MYK Associates (Private) limited having strong grip in the field of property evaluation and project cost Estimation. He holds a Bachelor's Degree in Urban & Infrastructure Engineering from NED University of Engineering and Technology, Karachi.

Engr. Rumaisa Mahboob - Evaluation and Survey Engineer:

She is currently working as an Evaluation and Surveying Engineer. She holds a Bachelor's Degree in Civil Engineering from NED University of Engineering and Technology, Karachi.

INTRODUCTION

Vide reference to REIT Regulation - 2015, Arif Habib Dolmen REIT Management Limited in its capacity of REIT Management Company has appointed MYK Associates (Pvt) Limited to evaluate the Dolmen City REIT constructed on amalgamated plot No: HC-3, Block-4, Scheme- 5, Clifton, Karachi, which comprises of the following:

1. Dolmen City Mall.
2. The Harbour Front Office Building.

In accordance of REIT Regulations-2015, REIT Management Company appointed "PBA no limit valuer" to provide its services in this respect for the period of three years to evaluate the properties by the qualified engineers who registered with Pakistan Engineering Council for the purpose of conducting valuation bi-annually and issuance of declaration by the competent engineer on the given format duly witnessed by the CEO of the valuer company in this respect.

The valuer shall be on the list of approved valuer of Panel-I or Panel-II within unlimited valuation category maintained by the Pakistan Banking Association. The approaches of the valuation in case of rental REIT scheme shall be determined using all of the following three approaches:

1. Cost Approach
2. Sales Comparison Approach
3. Income Capitalization approach.

INTRODUCTION TO THE PROJECT

Arif Habib Dolmen REIT Management Limited (being a REIT management company) launched and listed South Asia's first Real Estate Investment Trust (REIT) - Dolmen City REIT 'DCR' in June 2015. DCR is perpetual Rated, Closed-end, Shariah Compliant, Rental REIT Scheme which is listed on the Pakistan Stock Exchange, its real estate comprises of two components of the Dolmen City-Project, is situated on the Arabian Sea front at Clifton, Karachi - and is one of the largest and most prestigious mixed-use developments in Pakistan. It is built to serve commercial and corporate clients in an ultra-modern business environment.

The Two components are:

DOLMEN CITY MALL:

The Dolmen Mall having a built-up area of approximately one million square feet boasts shopping and entertainment facilities as well as a food court.

THE HARBOUR FRONT:

Pakistan's premier corporate address, "The Harbour Front" is located on the scenic coastline of Karachi, soaring 19-levels above the Arabian Sea. This modern triangular tower is home to the leading local and multi-national corporations.

With an area of over 270,270.67 square feet of office space spread over 17 levels, The Harbour Front provides spacious and inspirational environment to conduct their everyday business.

The current tenant portfolio of "The Harbour Front" boasts of leading corporations such as Byco, Engro Corporation, Phillip Morris, and Procter & Gamble.

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ADDITIONAL INFORMATION

The Dolmen City Mall and Harbour Front constructed on amalgamated HC-3, Block No: 04, Scheme No: 05, Marine Drive, Clifton, Karachi measuring total area of 37,666.65 Square Yards and REIT shared area 15,201.68 square yards in an irregular shape. This structural foundation of this complex was designed with keeping in consideration seismic affects / loads (earthquakes) as per the highest international standards [i. e. complying with "seismic zone 2B" (moderate)].

The Dolmen City Mall is approachable from all prominent roads including Clifton road. The traffic flow during work hours (6-days a week) of this location is heavy; however, rest of the time it is smooth. Clifton Road is an important road and has become a financial and commercial hub of Karachi. Several major and prominent buildings, offices and malls are located on it.

This area is highly valuable, commercialized and rapidly developing day by day. Infrastructure features such as roads, transportation, public amenities and daily work force are easily available in the vicinity of Clifton Area of Karachi. Basic utilities such as water, drainage, electricity and telephone services are also available within the neighborhood areas of the Dolmen City Mall and Harbour Front.

The Dolmen City Mall and Harbour Front beautifies the skyline of Karachi and represents an engineering state of the art landmark structure with a Lower and Upper Basement, Ground, Mezzanine and Two Upper Floors. The vertically skywards triangular complex Harbour Front (Offices) comprises of three to nineteen floors. This complex serves corporate clients with an ultra-modern and futuristic office space. The triangular floor plates provide all tenants with panoramic views of the Arabian Sea and the central core allows for enhanced floor security. A meticulously designed elegant lobby further adds to the grandeur of the complex.

The valuation visit of the "Dolmen City Mall and Harbour Front" was conducted on 20th June, 2018, by a team of Engineers (Engr. Iftexhar Ahmad, Syed Shabab Raza, Engr. Muhammad Touqir, Engr. Kiran Ashraf and Engr. Sidra Tahir) representing M/s. MYK Associates (Private) Limited along with the team of Dolmen City Mall and Harbour Front. All of the required relating to design and drawings of the buildings were already provided and discussed. Whereas, in preparation of 3rd valuation by us, a survey was also carried out along with review of any fresh documents / points.

All the floors are well maintained with high standard facilities. It is centrally air-conditioned with concealed air ducts and large chiller plants placed on the roof. The flooring throughout the building complex is granite tile, porcelain tile and wood. The staircase slip proof and there are fast and efficient elevators servicing all floors. A well-designed and maintained Mosque and well-managed executive cafeteria are also present in the building.

The Dolmen City Mall and Harbour Front are covered by perimeter walls around all sides with many entrances gates. The designated car parking space is provided in the lower and upper basement for sufficient vehicles with an Occupied / Vacant Car Parking Indication System. These complexes are designed with very good and high quality soundproofing insulation. Furthermore, a high-quality firefighting system is also installed in the building to face an emergency of any such conditions to incur minimum loss.

Electrical and Mechanical heavy equipment like generators, HVAC and other allied accessories are installed at properly designed places along with a modern control room to operate, control and monitor these facilities. Plumbing lines and water supplies lines are laid with high quality pipes in this project.

The structural planning and design of the complex was designed to utilize and accommodate all management requirements to its maximum. For safety and security, a multi-tiered physical, human and electronic security system is placed at all entry points / entrance and inside the premises. Activities around the complex (inside/outside premises) are well monitored through a state-of-the-art centralized close circuit TVs (CCTVs) system.

The Mall is centrally air-conditioning with modern lighting management and in case of K-Electric supply failure, standby power generation of adequate capacity is also available to avoid any interruption in commercial activity of the complex.

We have utilized maximum resources and efforts to include all reliable, authentic and valuable technical information along with our appropriate calculations to conclude the report. We have also included all information (in terms of documentations and verbal) provided by the management of Arif Habib Dolmen REIT Management Limited.

"EXTERIOR AND INTERIOR"

Approved Regularization / Completion Building Plan Available: **Yes [√]** No []
 Regularization / Completion Building Plan Number: 11-09-2014

Approach:	Main Road [√], Side Road [] Inside Road []
Total Area:	37,666.65 Square Yards
REIT Shared Area:	15,201.68 Sq. Yds. (As per Documents)
Dimension (As Per Plan):	Front: Irregular Depth: Irregular
Bounded by (As per Indenture of Lease)	North: 50 Feet wide Road South: 30 Feet Wide Walkway East: 50 Feet wide Road West: Public Parking
Type of Construction:	R.C.C Frame Structure
Type of Gate (s):	Iron & Aluminum with Glass
Elevation of Property as per Plan:	Good
Condition of Property:	Excellent
Internal Boundary Walls Plaster and Paint:	Plastered
Parking Area Available:	Yes (Basements)
Open Yard Flooring:	Cemented Bricks
Number of Stories:	Basements, Mezzanine, Ground plus Nineteen Upper Floors
Property Age as per Physical Observation:	Newly constructed
Property Age as per Building Plan:	September, 2014

I: Cost Approach:

The "Cost Approach" is a real estate valuation method in which a buyer should pay for a property that should equal the cost to build an equivalent building. In cost approach appraisal, the market price for the property is equal to the cost of land plus cost of construction and services therein such as: Generator, Power plant, Chiller Plant and other services for multi storey building.

II: Sale Comparison Approach:

The Sales Comparison Approach is to comparing recently-sold properties with the other similar property. Price adjustments are made for differences in the comparable factors of the property. In fact, the "Sales Comparison Approach" is the basic foundation knowledge for the real estate professionals.

III: Income Capitalization Approach:

The income approach is a real estate appraisal method that allows investors to estimate the value of a property by taking the net operating income of the rent collected and dividing it by the capitalization rate. This usually appears in percentage.

A method that appraising real estate income and then converts this income into an estimate of its value. Appraisers generally use this method for commercial buildings such as shopping centers, office buildings and large apartment buildings.

The basic formula for this approach commonly referred as (IRV):

$$\text{Net operating income (I)} \div \text{capitalization rate (R)} = \text{value (V)}$$

It is the breakup of formula in following three steps

1. Estimating the net operating income.
2. Determining the capitalization rate.
3. Applying the IRV formula to arrive at a value estimate.



PROS AND CONS OF THESE APPROACHES TO DETERMINE TRUE VALUE:

In fact, these approaches are best to evaluate a comparable deal that give an idea of what other people are paying or have paid for similar assets. This will prevent a buyer from underbidding or overpaying and similarly a seller is not selling at low value or expecting very high. Its supports to measure of what a company is really worthy and growing. For this, have to keep monitoring the market and get evaluated from experts or valuers.

Similarly these approaches are also assist the management and to evaluate the growth of rental income. It further helps to determine the worth of the property, its appreciation / depreciation after deduction of net operating cost.

A. Cost Approach:

This approach provides basis for determining replacement value of the asset or property or any other fixed item or utility service in the premise. Indeed, for consideration in such approach the final shape of the project should have similarity along with similar utilities/ facilities in construction. However, it does not take into account the loss of income during construction up till the completion of project achieving desired occupancy. Then we can emerge true picture of Cost Approach.

B. Sales Comparison Approach:

This approach commonly used in the real estate comparison or appraisals for similar type of property. True Sale Comparison Approach emerged when there is any such process of sale/purchase in near past. But here in this case no similar building in the vicinity so therefore, at present, there is no deal or transaction of similar size project or property in Karachi for comparison with Dolmen City project. This approach is generally suitable where the business is buying and selling of property.

C. Income Capitalization Approach:

This approach allows investors to estimate the value of a property based on the net operating income (generated by the real estate) using a capitalization rate. This is another most common used approach to determine the value of income generating real estate and it can be regarded as the most appropriate valuation basis for income generating real estate as compared to two other approaches as the said approach is based upon principle that reflects the value of property based on the income generated from it and in case of income generating real estate business the main purpose of the real estate is to accrue the benefit of the income generated through it to the investors over the long period of time.

PART I: COST APPROACH

Basic Calculation of Land:

Sea view road is the most prestigious and prime real estate location mostly through out the world and the Karachi is no different in this. The Sea view road is fast becoming the business hub of Karachi and it is almost impossible to find a plot on the main or on the sea side.

To assess the value of the land in the area the survey of estate agents / property dealers was carried out and as per result of the survey. At present, the cost of the land is bit increased and variations observed in the range of PKR. 475,000 To PKR. 575,000 Per Square Yard depending upon the location and size of the plot. Therefore, we are taking the present land value PKR. 550,000 Per Square Yard on similar parameters. With this, land value increased and emerged as under:

Total Area of Entire Plot:	37,666.65 Square Yards
Assessed Market Value of the Land:	550,000.00 per Square Yards
Total Assessment of Land:	20,716,657,500.00
Shared Land Area of RIET:	15,201.68 Square Yards (As per Documents)
Assessed Market Value of the Land:	PKR. 550,000.00 Per Square Yards
Total Assessment of Land:	PKR. 8,360,924,000

(Rupees Eight Billion Three Hundred Sixty Million Nine Hundred and Twenty Four Thousand Only)



CALCULATION OF COST OF STRUCTURE:

Dolmen City Shopping Mall:

Dolmen City Shopping Mall Comprises of lower and upper basement, ground, mezzanine and three upper floors. (Including earth work finishes of concealed roofing, flooring, paint, door & windows, lift system, internal and external electrical work) by considering these all parameters. The construction cost of Dolmen City Shopping Mall is between PKR. 6,500.00 to PKR. 11,000.00 per square foot depending upon the finishes and architectural design of floors.

STRUCTURE CALCULATION FOR DOLMEN CITY MALL				
S.#	Description	Area (SFT)	Rate/SFT	Cost
1	Lower Basement (-5000)	186,153	8,750	1,628,838,750
2	Upper Basement (-2000)	274,285	6,250	1,714,281,250
3	Ground Floor	241,052	11,000	2,651,572,000
4	Mezzanine Floor	19,879	7,250	144,122,750
5	First Floor	275,399	11,000	3,029,389,000
6	Second Floor	272,972	11,000	3,002,692,000
7	Third Floor	27,667	7,250	200,585,750
Total Value of Structure of Dolmen City Mall		1,297,407		12,371,481,500

NOTE:

The above estimated construction value is taken from the material used in construction, quality of work, and other fixtures installed on each floors. Beside that it is a general phenomenon that the costs of upper floor are usually being less than the lower floors. Keeping in consideration of these facts the above value determined in this project is appropriate.

Harbour Front Office Building:

Therefore, construction cost of Harbour Front Office Building has been found between PKR. 9,000.00 - 10,000.00 per square foot depending upon the finishes and architectural design of floors. MYK has taken an average base cost of PKR. 10,000.00 per square foot.

STRUCTURE CALCULATION FOR HARBOUR FRONT MULTI-STOREY BUILDING				
S.#	Description	Area (SFT)	Rate/SFT	Cost (PKR)
1	Third Floor	14,797.25	9,750	144,273,187
2	Fourth Floor	15,549.16	9,750	151,604,310
3	Fifth Floor	15,549.16	9,750	151,604,310
4	Sixth Floor	15,497.52	9,750	151,100,820
5	Seventh Floor	15,497.52	9,750	151,100,820
6	Eighth Floor	15,497.52	9,750	151,100,820
7	Ninth Floor	15,438.55	9,750	150,525,862
8	Tenth Floor	15,438.55	9,750	150,525,862
9	Eleventh Floor	15,438.55	9,750	150,525,862
10	Twelfth Floor	15,578.65	9,750	151,891,837
11	Thirteenth Floor	15,578.65	9,750	151,891,837
12	Fourteenth Floor	15,578.65	9,750	151,891,837
13	Fifteenth Floor	15,451.46	9,750	150,651,735
14	Sixteenth Floor	15,451.46	9,750	150,651,735
15	Seventeenth Floor	15,451.46	9,750	150,651,735
16	Eighteenth Floor	15,341.71	9,750	149,581,672
17	Nineteenth Floor	15,447.27	9,750	150,610,882
18	Twentieth Floor	7,687.58	6,500	49,969,270
Total Value of Structure of Harbour Front Multi-Storey Building		270,270.67		2,610,154,397

TOTAL VALUE OF STRUCTURE BEFORE DEPRECIATION:

(i.e. 12,371,481,500 + 2,610,154,397)

PKR. 15,178,121,460

LESS DEPRECIATION (6.0 Years):

(Diminishing method of depreciation is applying on structure @ 2% per annum)

PKR. 1,710,267,884

TOTAL VALUE OF STRUCTURE AFTER DEPRECIATION:

PKR. 13,271,368,012

SAY IN LUMPSUM:

PKR.13,271,368,000

(Rupees Thirteen Billion Two Hundred Seventy One Million Three Hundred Sixty Eight Thousand Only)

PART-I: COST APPROACH (LAND AND BUILDING STRUCTURE)

Total Assessment of Land: PKR. 8,360,924,000
(Rupees Eight Billion Three Hundred and Sixty Million Nine Hundred and Twenty Four Thousand Only)

Total Assessment of Structure: PKR. 13,271,368,000
(Rupees Thirteen Billion Two Hundred Seventy One Million Three Hundred Sixty Eight Thousand Only)

LAND + STRUCTURE: PKR. 21,632,292,000

(I.e. PKR. 8,360,924,000 + PKR. 13,271,368,000)
(Rupees Twenty one Billion Six Hundred Thirty Two Million Two Hundred and Ninety Two Thousand Only)

The all possible factors has been taken critically in consideration to evaluate and determine the Value of the REIT Management Properties "Dolmen City Mall And Harbour Front" including the natural and physical condition of the plot area, type of building design and structure, type of construction, age of construction, state of infrastructure in the area, location, availability of utilities connection in the premises. Further, Government's future development measures to boost the commercial activities, reliability in return of investment in short term or long term basis.

- Law and order situation of the area.
- Prevailing market conditions for real estate.
- Property buying and selling activities in the city.
- Availability of prospective buyers.
- Current economic situation of the country.
- Present government policies and political environment.

PART-II: SALE COMPARISON APPROACH:

This approach compares the subject property characteristics with those of comparable properties which have recently been sold to determine the value of subject real estate. The process adjusts the prices of comparable transactions according to the presence, absence, or degree of characteristics, which influence value.

According to our market survey, no standard comparable building / project is available in the vicinity of the "Dolmen City Mall and Harbour Front" for sale comparison, however recently HBL has purchased a nearby tower and renamed it as "HBL Tower". With lot of efforts, we could not succeeded to know the deal value or per sq. value of it, so we can not compare it for comparison approach. Whereas, at some distance from "Dolmen City Mall and Harbour Front" some other project which having the same facilities, fitting and fixtures such as "The Centre Point", "Ocean Tower" and "Park Tower" which have almost the similar rates as in our report. The below valuation chart for sales comparison approach value is based on leasable area:

CALCULATION FOR DOLMEN CITY MALL				
S.#	Description	Area in Sq. ft	Rate/SFT	Amount in PKR
1	Lower Basement (-5000)	-	-	-
2	Upper Basement (-2000)	5,285	65,000	343,525,000
3	Ground Floor	187,347	100,000	18,734,700,000
4	Mezzanine Floor	-	-	-
5	First Floor	181,342	95,000	17,227,490,000
6	Second Floor	173,335	90,000	15,600,150,000
7	Third Floor	-	-	-
Total Value of Dolmen City Mall		547,309		51,905,865,000

NOTE:

The above estimated value of basement is lower than the ground and upper floors because the quality of finishing of the basement area is lower than the upper floors area and these spaces are usually used for car parking, storage of material, godown etc, therefore it's cost is lower than the upper floors.

CALCULATION FOR HARBOUR FRONT MULTI-STOREY BUILDING:

CALCULATION FOR HARBOUR FRONT MULTI-STOREY BUILDING				
S.#	Description	Area	Rate /SFT	Cost
1	Ground Floor	5,581	28,000	156,268,000
2	Third Floor	10,878	28,000	304,584,000
3	Fourth Floor	14,578	28,000	408,184,000
4	Fifth Floor	14,578	28,000	408,184,000
5	Sixth Floor	14,578	28,000	408,184,000
6	Seventh Floor	14,578	28,000	408,184,000
7	Eighth Floor	14,578	28,000	408,184,000
8	Ninth Floor	14,321	28,000	400,988,000
9	Tenth Floor	14,321	32,500	400,988,000
10	Eleventh Floor	14,358	32,500	466,635,000
11	Twelfth Floor	14,319	32,500	465,367,500
12	Thirteenth Floor	14,500	32,500	471,250,000
13	Fourteenth Floor	14,293	32,500	464,522,500
14	Fifteenth Floor	14,500	32,500	471,250,000
15	Sixteenth Floor	14,230	32,500	462,475,000
16	Seventeenth Floor	14,219	32,500	462,117,500
17	Eighteenth Floor	15,223	32,500	494,747,500
18	Nineteenth Floor	15,223	32,500	494,747,500
19	Twentieth Floor	7,688	32,500	249,860,000
Total Value of Harbour Front Multi-Storey Building		256,544		7,806,720,500

PART-II: SALE COMPARISON APPROACH:

GRAND TOTAL VALUE OF PROPERTY: PKR. 59,712,585,500.00

(I.e. PKR. 51,905,865,000.00 + PKR. 7,806,720,500.00)

(Rupees Fifty Nine Billion Seven Hundred Twelve Million Five Hundred Eighty Five Thousand and Five Hundred Only)

DETERMINATION OF FORCED SALE VALUE:

In order to determine the Forced Sale Value of the REIT Management Properties "Dolmen City Mall and Harbour Front", all the factors including the natural and physical condition of the plot area, type of building design and structure, type of construction, age of construction, state of infrastructure in the area, location, availability of utilities connection in the premises. Further, Government's future development measures to boost the commercial activities, reliability in return of investment in short term or long term basis are also taken in consideration to determine the Forced Sale Value (FSV)

- Law and order situation of the area.
- Prevailing market conditions for real estate.
- Property buying and selling activities in the city.
- Availability of prospective buyers.
- Current economic situation of the country.
- Present government policies and political environment.

The most common hypothetical conditions and extraordinary assumptions arise from the requirement that the property be sold within an unusually short period, thereby limiting reasonable market exposure and recognizing the specific needs of a party other than the property owner. In these circumstances, proper marketing may not be possible therefore, less 20% is the usual percentage to be considered to sale the property in such circumstances Forced Sale Value (Less 20%): PKR. 47,770,068,400 (Rupees Forty Seven Billion Seven Hundred Seventy Million Sixty Eight Thousand and Four Hundred Only)

Forced Sale Value (Less 20%): PKR. 47,770,068,400

(Rupees Forty Seven Billion Seven Hundred Seventy Million Sixty Eight Thousand and Four Hundred Only)

PART III: INCOME CAPITALIZATION APPROACH:

(As per Valuer)

In our present market study and survey, it is observed that there is an increasing trend in rental value in all malls of Karachi as the trend of commercial activities in the mall are increasing day by day. However, there is no standard parameters for rent was observed in the area as there are no any comparative building available in the vicinity with such areas for offices as well as shopping space. Therefore based on our experience and in comparison to other similar properties in the city and considering the facilities location and other aspects of Dolmen City Mall and Harbour Front the reasonable rent for the property can be taken in between the range of 0.4% to 0.5% of the total value of structure for Dolmen City REIT and 0.8% to 0.9% for Harbour front. Whereas, the rent percentage for upper basement is assessed 0.5% due to its convenient location and ease of accessibility. However, for the rest we have taken an average rate of 0.45% for Dolmen City Mall and 0.85% for Harbour Front respectively.

CALCULATION FOR DOLMEN CITY SHOPPING MALL					
S.#	Description	Area	Rent/SFT	Rent %	Rental Value
1	Lower Basement (-5000)	-			
2	Upper Basement (-2000)	5,285	325	0.50%	1,717,652
3	Ground Floor	187,347	450	0.45%	84,306,150
4	Mezzanine Floor	-			
5	First Floor	181,342	427	0.45%	77,523,705
6	Second Floor	173,335	405	0.45%	70,200,675
7	Third Floor	-			
	Total Rental Value Of Dolmen City Shopping Mall per Month	547,309			233,748,155
	Total Rental Value Of Dolmen City Shopping Mall per annum	547,309			2,804,977,860

CALCULATION FOR HARBOUR FRONT MULTI-STOREY BUILDING				
S.#	Description	Area	Rent/SFT (0.85%)	Rental Value
1	Ground Floor	5,581	238	1,328,278
2	Third Floor	10,878	238	2,588,964
3	Fourth Floor	14,578	238	3,469,564
4	Fifth Floor	14,578	238	3,469,564
5	Sixth Floor	14,578	238	3,469,564
6	Seventh Floor	14,578	238	3,469,564
7	Eighth Floor	14,578	238	3,469,564
8	Ninth Floor	14,321	238	3,408,398
9	Tenth Floor	14,321	238	3,408,398
10	Eleventh Floor	14,358	276	3,966,397
11	Twelfth Floor	14,319	276	3,955,623
12	Thirteenth Floor	14,500	276	4,005,625
13	Fourteenth Floor	14,293	276	3,948,441
14	Fifteenth Floor	14,500	276	4,005,625
15	Sixteenth Floor	14,230	276	3,931,037
16	Seventeenth Floor	14,219	276	3,927,998
17	Eighteenth Floor	15,223	276	4,205,353
18	Nineteenth Floor	15,223	276	4,205,353
19	Twentieth Floor	7,688	276	2,123,810
	Total Rental Value of Harbour Front Multi-Storey Building per month	250,963		66,357,124
	Total Rental Value of Harbour Front Multi-Storey Building per month	250,963		796,285,491

Dolmen City Shopping Mall:

TOTAL RENTAL VALUE OF DOLMEN CITY: PKR. 2,804,977,860
(Rupees Two Billion Eight Hundred Four Million Nine Hundred Seventy Seven Thousand Eight Hundred and Sixty Only).

The projected rent for the next three years may be forecasted with an annual increment of 10% of the current market rent. The projected rent is given below:

First Year:	PKR. 2,804,977,860
Second Year (Increment of 10%):	PKR. 3,085,475,646
Third Year (Increment of 10%):	PKR. 3,394,023,210

Harbour Front Multi-Storey Building:

TOTAL RENTAL VALUE OF HARBOUR FRONT: PKR. 796,285,491
(Rupees Seven Hundred Ninety Six Million Two Hundred Eighty Five Thousand Four Hundred and Ninety One Only)

The Projected rent for the next Three Years may be forecasted with an annual Increment of 10% of the current market rent. The projected rent is given below:

First Year:	PKR. 796,285,491
Second Year (Increment of 10%):	PKR. 875,914,040
Third Year (Increment of 10%):	PKR. 963,505,444

GRAND TOTAL RENTAL VALUE OF PROPERTY:**PKR.3,601,263,351**

(I.e.; PKR. 2,804,977,860 + PKR. 796,285,491)

(Rupees Three Billion Six Hundred One Million Two Hundred Sixty Three Thousand Three Hundred and Fifty One Only)

In order to determine the effect of marketing on a company's growth is never been black and white. There are many factors those combine to create a successful and growing business. However, without marketing and sales a company gets very little, if any, promotion or exposures, meaning the chances of growth are slim to none. This is a well-known fact among marketers, evident in the amount of Rupees successful corporations allocate towards sales and marketing every year.

Generally the expenditure in between the range of 12% to 18% of gross rental income based on the experience "MYK Associates Pvt. Ltd" taken 15% on average basis, However capitalization rate should be in the range between 6% - 8%. This can be taking a figure of 7% on average basis.

Total Yearly Rental Income:	PKR. 3,601,263,351
Less operating cost (Assuming 15% of yearly rental income):	PKR. 540,189,502
First year income after less operating cost:	PKR. 3,061,073,848
Capitalization rate:	7%

**Property Value based on Valuer's estimated
Income Capitalization Value:****PKR. 43,729,626,405****PART III: INCOME CAPITALIZATION APPROACH (DCR):****[As per projected Net Operating Income (NOI)]**

Arif Habib Dolmen REIT Management Limited has shared the occupancy status of the REIT property (Dolmen City Mall and Harbour Front) for the period of 01 July 2018 to 30 June 2019 with the projected rent and expenses for the assessment of value based on the Income Capitalization Approach. The tenancy profile of Dolmen Mall is based on long term agreements with built in rent escalation thus representing a clear picture of future revenue. Out of the three approaches identified in REIT Regulations 2015 Income Capitalization Approach is generally based on the principle that the value of the property reflects the quality and quantity of income it is expected to generate over time. It is the most typical approach used for income producing properties i.e. rental properties. Being based on actual agreements, this in comparison to income as per valuer's assessment represents the more representative determination for rental properties. Accordingly it is the most relevant approach for determination of valuation of REIT Management Property for reporting purposes. We have applied our estimated capitalization rate of 7% on the given data to determine the value of property remained same as in our previous report and are as follows:

REIT - Income Projections		Year 1 (in PKR)
Revenue		
Gross rental revenue		3,305,145,741
Ancillary income		160,000,000
Sub - Total Operating Revenue(A) =		3,465,145,741

LESS OPERATING COST:

Operating Costs		
SECP Monitoring fees	0.1% of fund size (PKR 22,237,000,000)	22,237,000
Property Management Fee	6% of Gross Rental Revenue (incl. 13% SST)	224,088,881
Ancillary Income collection charges	15% of Ancillary Income (incl. 13% of SST)	27,120,000
Insurance Expense		17,000,000
Property Tax		19,006,458
Renovation expense		190,348,961
Other Recurring Expenses		20,902,266
Marketing Expenses	2% of Gross Rental Revenue	66,102,914
Sub - Total Operating Costs (B) =		586,806,481

FIRST YEAR NET OPERATING INCOME (A-B):
(I.e.: PKR. 3,465,145,741 - PKR. 586,806,481)
(Rupees Only)

PKR. 2,878,339,260

CAPITALIZATION RATE

7%

Property Value based on DCR's (projected NOI based on Existing rental agreements and expected rent for the vacant Area) Capitalization Value:

PKR. 41,119,132,290


CONCLUSION:

We have carried out a detailed evaluation and inspection of the REIT i.e. Dolmen City Mall and the Harbour Front constructed on Plot No: HC-3, Block No: 04, Scheme No: 05, Marine Drive, Clifton, Karachi for valuation vides REIT Regulations-2015.

VALUATION APPROACH	VALUE (PKR) (in Millions)	VALUE IN WORDS
Cost Approach	21,632,292,000	Rupees Twenty one Billion Six Hundred Thirty Two Million Two Hundred and Ninety Two Thousand Only .
Sales Compression Approach	59,712,585,500	Rupees Fifty Nine Billion Seven Hundred Twelve Million Five Hundred Eighty Five Thousand
Income Capitalization Approach		
i. Property Value based on Valuer estimated Income Capitalization Value	43,729,626,405	Rupees Forty Three Billion Seven Hundred Twenty Nine Million Six Hundred Twenty Six Thousand Four Hundred and Five.
ii. Property Value based on DCR's (projected NOI based on existing rental agreements and expected rent for the vacant area) Capitalization Value .	41,119,132,290	Rupees Thirty Eight Billion Eight Hundred Thirty Nine Million Nine Hundred Sixty Four Thousand Three and Eighty Six Only.

This report is an evaluation appraisal report designed to give a conclusion of assets value and not be considered as accounting report. In this report a fair market valuation determined carefully of the properties M/s. Dolmen City REIT, constructed on amalgamated HC-3, Block No: 04, Scheme No: 05, Marine Drive, Clifton, Karachi to the best of our ability and knowledge. Therefore, evaluation report reflects our findings at the place mentioned therein and to the date and time of its inspection. Our assessment is computed with the assumption of market variables which influenced the value and that may vary unexpectedly time to time. In this report we have evaluated the cost of above said properties on the assumption of that it is free from any levies and encumbrances irrespective of any nature in title or otherwise. Our physical appraisal is based on the information and data provided by the officials of the REIT Management Company - Mis. Arif Habib Dolmen REIT Management Limited for REIT or their coordinating staff and accepted in good faith without any responsibility. We have carried out the exercise of valuation with due care and diligence and according to the REIT Regulations- 2015.


Engr. Muhammad Touqir
Surveying Engineer & Evaluations


Syed Shabbab Raza
Manager, Evaluation & Inspection


(Iftkhar Ahmed)
Senior General Manager.
B.E., LL.B., LL.M.

SUMMARY OF REPORT AS PER MYK (DATED JUNE 30, 2018)

DESCRIPTION	ASSESSMENT
Average Base Cost of Land	PKR. 500,000.00 per Square Yard
Construction Cost of Shopping Mall	PKR. 6,250 to PKR. 11,000 per Sq. Foot
Construction Cost of Office Building	PKR. 9,000 to PKR. 10,000 per Sq. Foot (except 20th floor) PKR.6,000 to PKR.7,000 per Sq. Foot (for 20th floor)
Depreciation on Structure	@ 2% Per annum for year by diminishing method
Dolmen Mall Sales Market Value	PKR. 51,905,865,000.00
Harbour Front Sale Market Value	PKR. 7,806,720,500.00
Dolmen Mall Average Rental rate	Upper Basement (-2000)= 0.50% of total value Ground Floor = 0.45% of total value First floor = 0.45% of total value Second floor = 0.45% of total value
Per annum Growth	10%
Harbour Front Average Rental rate	0.85% of total value (Average of all Floors)
Per annum Growth	10%
Operation Cost	12-18% of yearly rental
Occupancy	100%

SUMMARY OF REPORT AS PER MYK (DATED DECEMBER 31, 2017)

DESCRIPTION	ASSESSMENT
Average Base Cost of Land	PKR. 500,000.00 per Square Yard
Construction Cost of Shopping Mall	PKR. 6,000 to PKR. 11,000 per Sq. Foot
Construction Cost of Office Building	PKR. 6,000 to PKR. 9,500 per Sq. Foot
Depreciation on Structure	@ 2% Per annum for year by diminishing method
Dolmen Mall Sales Market Value	PKR. 49,238,765,000.00
Hardour Front Salce Market Vaiue	PKR. 7,106,365,000.00
Dolmen Mall Average Rental rate	Upper Basement (-2000)= 0.50% of total value Ground Floor = 0.45% of total value First floor = 0.45% of total value Second floor = 0.45% of total value
Per annum Growth	10%
Harbour Front Average Rental rate	0.85% of total value (Average of all Floors)
Per annum Growth	10%
Operation Cost	12-18% of yearly rental
Occupancy	100%

VALUATION REPORT FOR COMMERCIAL PROPERTY DOLMEN CITY MALL AND HARBOUR FRONT (VALUER DECLARATION UNDER REIT REGULATIONS – 2015)

DECLARATION

I, Engr. Iftekhar Ahmed, of MYK Associates (Pvt.) Limited carried out a valuation of "Dolmen City and Harbour Front" at HC-3, Block No: 04, Scheme No: 05, Marine Drive, Clifton, Karachi for the period of January-2018 to June-2018 (3rd Valuation Report) of M/s Arif Habib Dolmen REIT properties, to the best of my knowledge and belief declare:

1. That after an inspection of the Real Estate and a study of pertinent factors, including valuation trends and an analysis of neighborhood data the market value of the subject Real Estate as on June 30, 2018 are as below:

VALUATION APPROACH	VALUE (PKR) (in Millions)	VALUE IN WORDS
Cost Approach	21,632	Rupees Twenty one Billion Six Hundred Thirty Two Million
Sales Compression Approach	59,712	Rupees Fifty Nine Billion Seven Hundred Twelve Million
Income Capitalization Approach		
i. Property Value based on MYK estimated Income Capitalization Value	43,729	Rupees Forty Three Billion Seven Hundred Twenty Nine Million
ii. Property Value based on DCR's (projected NOI based on existing rental agreements and expected rent for the vacant area) Capitalization Value.	41,119	Rupees Forty One Billion One Hundred and nineteen Million Only.

2. That the statements of fact contained in this report are true and correct.
3. That I have not withheld any information.
4. That I have no interest in the Real Estate that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
5. That I have not been instructed either by my company or the client to report a predetermined value for the subject Real Estate.
6. That I am neither a director nor an employee of the RMC and do not have any financial interest, direct or indirect, in the RMC.
7. That I have personally inspected the Real Estate that is the subject of this report.

DECLARED BY:


(Iftekhar Ahmed)
Senior General Manager.

WITNESSED BY:


(Fahd Ali Khan)
Executive Director
MYK Associates (Pvt) Ltd. Karachi.

Date: 30-06-2018



MYK Ref. No: KHI/14144/06/2018
Dated: 30 / 06 / 2018

Syed Adnan Ali Rizvi,
Vice president, Head of Investment,
Arif Habib Dolmen REIT Management Limited,
1st Floor, Arif Habib Center,
23-M. T. Khan Road,
Karachi.
Tel. No: +92(21) 32468101

Sub: **CONSULTANCY SERVICES FOR VALUATION OF DOLMEN CITY REIT SCHEME, KARACHI.**

CONFIDENTIALITY UNDERTAKING

(Under Schedule V (F) of the REIT Regulation 2015)

We, M/s MYK Associates Private Limited as the valuer of Dolmen City REIT, hereby undertake that we shall maintain the secrecy and confidentiality of the documents and information of clients that we shall have access to, from any intentional or inadvertent disclosure to any unauthorized person(s).

Undertaken by:

(Muhammed Younis Khan)
Chief Executive Officer (CEO)



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To the unit holders' of Dolmen City REIT

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (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 ("the Scheme") for the year ended June 30, 2018 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out any procedures to assess and determine the RMC's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2018.


Chartered Accountants

Place: Karachi
Date: October 12, 2018

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED 30 JUNE 2018

The Board of Directors (the Board) of Arif Habib Dolmen REIT Management Limited (“the REIT Management Company” or “RMC”) being the management company of the Scheme manages its affairs and has complied with the requirement of the Regulation in the following manner:

1. The total number of directors are 7 (seven) as per the following:
 - a) Male: 7
 - b) Female: Nil (As per the regulation 7 of the regulations the board is required to have at least one female director later of when it is next reconstituted or one year from the effective date of regulations).

2. The composition of the board is as follows:

Category	Names
Non-Executive Director	Mr. Nasim Beg – Chairman Mr. Nadeem Riaz Mr. Abdus Samad A. Habib Mr. Faisal Nadeem
Independent Director	Mr. Asadullah Khawaja Mr. Qamar Hussain
Executive Director	Mr. Muhammad Ejaz – Chief Executive

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, except for one director and as pre regulation 3 of the regulation the requirement of simultaneous directorship not exceeding five (5) is to be complied with earlier of when the board is next reconstituted or one year from the effective date of the regulation.
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board 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 meeting of 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 Regulations.
9. Five directors on the board have certification under Directors’ Training Program and two directors meet the board experience criteria as given in Regulations.
10. The board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Further there had been no new appointment of CFO or Company Secretary during the year under review.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

Mr. Qamar Hussain	Chairman
Mr. Asadullah Khawaja	Member
Mr. Abdus Samad A. Habib	Member

b) Human Resource & Remuneration Committee

Mr. Asadullah Khawaja	Chairman
Mr. Nadeem Riaz	Member
Mr. Abdus Samad A. Habib	Member
Mr. Muhammad Ejaz	Member

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

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

a) Audit Committee: 4

b) Human Resource & Remuneration Committee: 3

15. 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.

16. The statutory auditors of the Scheme have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Scheme and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

18. We confirm that all other requirements of the Regulations have been complied with.

For and behalf of the board.



Nasim Beg
Chairman

25 September 2018

INDEPENDENT AUDITOR'S REPORT

To the Unit Holders of Dolmen 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, 2018, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, 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, 2018 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.

Following are the key audit matters.

S. no.	Key audit matter	How the matter was addressed in our audit
1	Valuation of investment property Investment property amounted to Rs. 41,119.132 million as at June 30, 2018. See note 4 to the financial statements.	Valuation was assessed by:

S. no.	Key audit matter	How the matter was addressed in our audit
	<p>The total amount of investment property is the most significant account balance on the statement of financial position.</p> <p>The Scheme's investment property comprise of The Harbor Front and Dolmen City Mall (the properties).</p> <p>The Company's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuer (the "management expert") with the changes routed through 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 - "Projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the producing properties i.e. rental properties vacant area" is the most appropriate/relevant 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 input used in the valuations are disclosed in Note 4 to the financial statements.</p>	<ul style="list-style-type: none"> • evaluating the design and implementation of key controls around hiring of management's expert and also for review of work performed by valuer; • evaluating the competence, capabilities and objectivity of the management expert; • assessing the accuracy and completeness of the source data provided to the management's expert, and ensuring its completeness and accuracy; • obtaining the valuation report and employing the services of auditors' expert for assessing the reasonableness of the significant unobservable inputs and estimates used by the management's expert and for assessing whether the valuation approach recommended by management's expert represents the most appropriate approach; and • considering the adequacy of disclosures and amounts recognised in respect of investment property in the financial statements.

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

Management is responsible for the other information. The other information comprises the information contained in annual report, but does not include the financial statements and our auditors' report thereon.

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:

- a) proper books of account have been kept by the Scheme as required by the Companies Act, 2017 (XIX of 2017);
- b) 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Scheme's business; and
- d) 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.

Other Matter

The financial statements of the Scheme for the year ended June 30, 2017 were audited by another firm of chartered accountants who vide their report dated August 01, 2017, issued an unqualified audit opinion thereon.

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


Chartered Accountants

Date: October 12, 2018

Place: Karachi



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 (Rupees in '000)	30 June 2017
ASSETS			
Non - current assets			
Total non - current assets - Investment property	4	41,119,132	38,839,964
Current assets			
Rent receivables	5	128,048	91,135
Advances, prepayments and other receivables	6	264,541	258,051
Profit accrued		6,509	25,171
Bank balances	7	1,479,790	3,185,531
Total current assets		1,878,888	3,559,888
Total assets		42,998,020	42,399,852
REPRESENTED BY:			
Unit holders' fund			
Issued, subscribed and paid up (2,223,700,000 units of Rs. 10 each)	8	22,237,000	22,237,000
Reserves		19,995,181	19,498,498
Total unit holders' fund		42,232,181	41,735,498
LIABILITIES			
Non - current liabilities			
Formation costs payable to REIT management company	10	50,339	105,255
Security deposits	11	163,950	88,020
Total non - current liabilities		214,289	193,275
Current liabilities			
Payable to REIT management company	12	81,692	78,531
Security deposits	11	135,829	140,713
Accrued expenses and other liabilities	13	317,225	249,492
Unclaimed dividend		16,804	2,343
Total current liabilities		551,550	471,079
Total unit holders' fund and liabilities		42,998,020	42,399,852
			(Rupees)
Net assets value per unit		18.99	18.77

CONTINGENCIES AND COMMITMENTS

14

The annexed notes from 1 to 24 form an integral part of the financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018	30 June 2017
		(Rupees in '000)	
INCOME			
Rental income		3,046,978	2,841,578
Marketing income		210,165	167,991
		3,257,143	3,009,569
Administrative and operating expenses	15	(484,207)	(427,612)
Net operating income		2,772,936	2,581,957
Other income - profit on deposits		112,842	123,085
		2,885,778	2,705,042
Management fee	12.1	(83,194)	(77,459)
Sindh Sales Tax on management fee	12.1	(10,815)	(10,070)
Trustee remuneration	13.1	(13,866)	(12,910)
Sindh Sales Tax on trustee remuneration	13.1	(1,803)	(1,678)
Reversal of provision for Workers' Welfare Fund		-	3,469
Charity expense		-	(250)
		(109,678)	(98,898)
Profit before change in fair value of investment property		2,776,100	2,606,144
Change in fair value of investment property / unrealised gain	4	2,279,168	1,180,976
Profit before taxation		5,055,268	3,787,120
Taxation	16	-	-
Profit after taxation for the year		5,055,268	3,787,120
		(Rupees)	
Earnings per unit - Distributable income		1.25	1.17
Earnings per unit - Undistributable unrealised fair value gains		1.02	0.53
Earnings per unit - Basic and diluted	18	2.27	1.70

The annexed notes from 1 to 24 form an integral part of the financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	30 June 2018	30 June 2017
	(Rupees in '000)	
Profit after taxation for the year	5,055,268	3,787,120
Other comprehensive income	-	-
Total comprehensive income for the year	5,055,268	3,787,120

The annexed notes from 1 to 24 form an integral part of the financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

Notes	30 June 2018	30 June 2017
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,055,268	3,787,120
Adjustments for:		
Change in fair value of investment property / unrealised gain	(2,279,168)	(1,180,976)
Profit on deposits	(112,842)	(123,085)
Provision against rent receivables	-	25,669
Provision against advance tax	-	4,728
	2,663,258	2,513,456
Working capital changes		
(Increase) / decrease in current assets		
- Rent receivables	(36,913)	(31,449)
- Advances, prepayments and other receivables	(359)	2,944
Increase in current liabilities		
- Payable to the REIT management company	3,161	806
- Security deposits received - net	71,046	44,465
- Accrued expenses and other liabilities	67,733	47,663
Cash generated from operations	2,767,926	2,577,885
Taxes paid (withheld at source)	(6,131)	(9,328)
Formation costs paid	(54,916)	(54,916)
Net cash generated from operations	2,706,879	2,513,641
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit on deposits received	131,504	156,231
Redemption of term deposit receipts	-	700,000
Net cash generated from investing activities	131,504	856,231
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash financing activities - Dividend paid	(4,544,124)	(2,311,203)
Net (decrease) / increase in cash and cash equivalents during the year	(1,705,741)	1,058,669
Cash and cash equivalents at beginning of the year	3,185,531	2,126,862
Cash and cash equivalents at end of the year	1,479,790	3,185,531

The annexed notes from 1 to 24 form an integral part of the financial statements.



Chief Financial Officer



Chief Executive Officer



Director

STATEMENT OF CHANGES IN UNIT HOLDERS' FUND

FOR THE YEAR ENDED 30 JUNE 2018

	Units	Reserves			Total Reserves	Unit holders' fund
		Capital Reserves		Revenue Reserves		
		Premium on issue of units - net Note 9.	Fair Value Reserve Note 18.1.1	Unappropriated profit		
(Rupees in '000)						
Balance as at 30 June 2016	22,237,000	281,346	15,421,988	2,320,692	18,024,026	40,261,026
Transactions with owners						
Cash dividend for the year ended 30 June 2016 (Rs. 1.04 per unit)	-	-	-	(2,312,648)	(2,312,648)	(2,312,648)
Total comprehensive income for the year - profit for the year	-	-	1,180,976	2,606,144	3,787,120	3,787,120
Balance as at 30 June 2017	22,237,000	281,346	16,602,964	2,614,188	19,498,498	41,735,498

Transactions with owners

Cash dividend for the year ended 30 June 2017 (Rs. 1.15 per unit)	-	-	-	(2,557,255)	(2,557,255)	(2,557,255)
Cash dividend for the period ended 30 September 2017 (Rs. 0.30 per unit)	-	-	-	(667,110)	(667,110)	(667,110)
Cash dividend for the period ended 31 December 2017 (Rs. 0.30 per unit)	-	-	-	(667,110)	(667,110)	(667,110)
Cash dividend for the period ended 31 March 2018 (Rs. 0.30 per unit)	-	-	-	(667,110)	(667,110)	(667,110)
	-	-	-	(4,558,585)	(4,558,585)	(4,558,585)

Total comprehensive income for the year - profit for the year

	-	-	2,279,168	2,776,100	5,055,268	5,055,268
Balance as at 30 June 2018	22,237,000	281,346	18,882,132	831,703	19,995,181	42,232,181

The annexed notes from 1 to 24 form an integral part of the financial statements.



Chief Financial Officer



Chief Executive Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 "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. All of the activities undertaken by the Scheme during the year ended 30 June 2018 including but not limited to deposits and placements with banks, rental and marketing income earned were all in accordance with principle of Shariah.

1.2 The Scheme is the subsidiary of International Complex Projects Limited (ICPL). As at 30 June 2018, 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 VIIIA 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 VIIIA of the repealed Companies Ordinance, 1984, REIT Regulations and requirements of the Trust Deed differ from the IFRS standards, the provisions of and directives issued under Companies Act, 2017 Part VIIA of the repealed Companies Ordinance, 1984, REIT Regulations and requirements of the Trust Deed have been followed.

The Companies Act, 2017 has become applicable to the Scheme for the year ended 30 June 2018 and onwards. It has brought certain changes with regards to preparation and presentation of financial statements of the Scheme including change in nomenclature of primary statements.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of additional disclosures.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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.

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 & 4) and rent receivable (note 3.3).

2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended 30 June 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments 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.

	Effective from accounting period beginning on or after
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01 2017

Management anticipates that all the above mentioned amendments will be adopted in the Scheme's accounting policies for the first period beginning after the date of pronouncement. Information on the relevant amendments that are not yet effective have been provided below. The Company's management is yet to assess the impact of these amendments on the Scheme's financial statements, unless specifically stated.

2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Effective from accounting period beginning
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01 2018
- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	<p>An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.</p>
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01 2018
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01 2019
- IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11 IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01 2018
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01 2019
- Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

- 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'.

January 01 2019

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 14 – Regulatory Deferral Accounts
- 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 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 currently.

3.2 Financial assets

The non-derivative financial assets are recognised at the time when the Scheme becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of investments are recognised on trade date. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Scheme has transferred substantially all the risks and rewards of ownership.

3.3 Rent receivables, advances, prepayments and other receivables

These are recognised initially at fair value and subsequently measured at amortised cost or cost, as the case may be, less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Scheme will not be able to collect all amounts due according to the original terms of receivable. Items considered irrecoverable are written off. The Scheme reviews its receivable against provision required on an ongoing basis and if required, appropriate provision is made there against.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3.4 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.

3.5 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.

3.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is an objective evidence that it is impaired. A financial asset is impaired if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the profit and loss account. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Non-financial assets

The carrying amounts of the Scheme's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the profit and loss account. 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 recognised.

3.7 Cash and cash equivalents

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

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

3.9 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.

The Scheme provides for deferred taxation using the balance sheet 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 23) 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.

3.10 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.

3.11 Net assets value per unit

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

3.12 Earnings per unit

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

3.13 Proposed distribution

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

4. INVESTMENT PROPERTY

	Note	30 June 2018	30 June 2017
(Rupees in '000)			
Carrying amount at beginning of the year	4.1	38,839,964	37,658,988
Add: Change in fair value of investment property / unrealised gain		2,279,168	1,180,976
Carrying amount at end of the year		<u>41,119,132</u>	<u>38,839,964</u>

- 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) i.e. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

The investment property has been valued by MYK Associates (Private) Limited ('MYK' or 'the Valuer') as at 30 June 2018. 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 valuation of MYK are summarised below:

	30 June 2018	30 June 2017
	(Rupees in million)	
Cost approach	21,632	20,965
Sales comparison approach	59,712	57,186
Income capitalisation approach		
(a) Valuer's assessment of rental income – using 7% capitalisation rate	43,729	41,583
(b) On projected Net Operating Income (NOI) based on existing rental agreements and expected rent for the vacant area – using 7% capitalisation rate	41,119	38,839

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. MYK in its valuation report has stated that out of three approaches identified in REIT Regulations, 2015 "Income Capitalization Approach" is the most typical approach used for income producing properties i.e. rental properties. MYK has determined two values under Income Capitalization Approach as stated above, however recommended that 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 based on existing rental agreements and expected rent for the vacant area.

The forced sales value of the investment property is assessed to be Rs. 47,770.068 million (30 June 2017: Rs. 45,749.108 million).

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%	2,475,104
- Present revenue (based on exiting leasing contracts)	- 5%	(2,475,104)
- Present operating costs (based on projected costs)	+ 5%	(419,147)
- Present operating costs (based on projected costs)	- 5%	419,147
- Capitalization rate	+ 1%	(5,139,892)
- Capitalization rate	- 1%	6,853,189

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

5. RENT RECEIVABLES

	Note	30 June 2018	30 June 2017
(Rupees in '000)			
Unsecured			
Considered good		128,048	91,135
Considered doubtful		25,669	25,669
		<u>153,717</u>	<u>116,804</u>
Less: Provision for doubtful balances		(25,669)	(25,669)
		<u>128,048</u>	<u>91,135</u>

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Considered good - Unsecured

Security deposit		944	837
Prepayments		252	-
Advance tax		263,345	257,214
		<u>264,541</u>	<u>258,051</u>

Considered doubtful - unsecured

		4,728	4,728
		<u>269,269</u>	<u>262,779</u>
Less: Provision for doubtful balances		(4,728)	(4,728)
		<u>264,541</u>	<u>258,051</u>

7. BANK BALANCES

Term deposit receipts	7.1	1,310,000	2,502,342
Saving accounts	7.2	167,304	680,953
Current accounts		2,486	2,236
		<u>1,479,790</u>	<u>3,185,531</u>

7.1 These represent term deposit receipts with Islamic banks and these carry expected profit rate of 6.5% (2017: 5.95%) per annum with maturities ranging from one to three months. These include security deposits received by the Scheme from tenants (Note 11).

7.2 This represents deposits held in riba free saving accounts carrying expected profit rates ranging from 2.05% to 6.40% (2017: 2.05% to 5.49%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

8. UNIT HOLDERS' FUND

8.1 Issued, subscribed and paid up units

Number of units			30 June 2018	30 June 2017
2018	2017		(Rupees in '000)	
		Ordinary shares of Rs.10/- each		
1,667,775,000	1,667,775,000	- fully paid in kind	16,677,750	16,677,750
555,925,000	555,925,000	- fully paid in cash	5,559,250	5,559,250
2,223,700,000	2,223,700,000		22,237,000	22,237,000

8.2 Pattern of unit holding

2018			2017	
Percentage	Units Held		Percentage	Units Held
75%	1,667,775,000	International Complex Projects Limited (ICPL)	70%	1,556,590,000
-	-	Arif Habib Dolmen REIT Management Limited (RMC)	5%	111,185,000
25%	555,925,000	General public / others	25%	555,925,000
100%	2,223,700,000		100%	2,223,700,000

9. 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 or section 83 of the repealed Companies Ordinance, 1984.

	Note	30 June 2018	30 June 2017
(Rupees in '000)			
10. FORMATION COSTS PAYABLE TO REIT MANAGEMENT COMPANY - Unsecured - Interest free			
Formation costs	10.1	105,255	160,171
Less: Current maturity		(54,916)	(54,916)
		50,339	105,255

10.1 This represent amount payable on account of formation costs incurred by RMC to launch Dolmen City REIT under the provisions of Trust Deed and prospectus. This is interest free and is reimbursable to the RMC in equal amounts paid annually over a period of 5 (five) years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

11. SECURITY DEPOSITS

	Note	30 June 2018	30 June 2017
		(Rupees in '000)	
Security deposits from tenants	11.1	299,779	228,733
Less: Current portion shown under current liabilities		(135,829)	(140,713)
		<u>163,950</u>	<u>88,020</u>

11.1 This represents amounts received from certain tenants of the investment properties as security deposit under tenancy agreements. These are maintained in a separate bank account as term deposit receipts.

12. PAYABLE TO REIT MANAGEMENT COMPANY

	Note	30 June 2018	30 June 2017
		(Rupees in '000)	
Management fee payable		22,203	19,360
Sindh Sales Tax		4,573	4,255
	12.1	<u>26,776</u>	<u>23,615</u>
Current portion of formation costs	10	54,916	54,916
		<u>81,692</u>	<u>78,531</u>

12.1 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 on the remuneration of RMC through Sindh Sales Tax on Services Act 2011, effective from 01 July 2014. The current applicable rate is 13% being effective from 1 July 2016.

	Note	30 June 2018	30 June 2017
		(Rupees in '000)	
13. ACCRUED EXPENSES AND OTHER LIABILITIES			
Trustee remuneration	13.1	15,668	14,588
Provision for government levies		1,329	4,000
Monitoring fee payable to SECP	15.1	22,237	22,237
Payable to associated undertakings	13.2	41,488	23,065
Unearned rental income		92,073	92,788
Sales tax and withholding income tax		45,963	48,719
Charity payable	13.3	2,486	2,486
Federal Excise Duty	13.4	11,980	11,980
Takaful fee		1,537	2,143
Accrued expenses		74,106	20,065
Other liabilities		8,358	7,421
		<u>317,225</u>	<u>249,492</u>

13.1 The Trustee is entitled to an annual remuneration for services rendered at a rate of 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 during the year. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

13.2 Payable to Associated undertakings

	30 June 2018	30 June 2017
	(Rupees in '000)	
- International Complex Projects Limited	1,819	1,819
- Dolmen Real Estate Management (Private) Limited - Property Manager	39,669	21,246
	41,488	23,065

13.3 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.

13.4 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.

The Sindh Revenue Board and the Federal Board of Revenue have filed appeals before 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 has been maintained in the Scheme's Financial Statements.

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2018.

15. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	30 June 2018	30 June 2017
		(Rupees in '000)	
SECP monitoring fee	15.1	22,237	22,237
Property management fee	15.2	203,982	193,123
Ancillary income collection fee	15.2	33,924	27,654
Common area maintenance charges		18,527	17,418
Legal and professional charges		4,168	6,137
Utility expenses		989	1,044
Marketing expenses		55,445	48,988
Takaful fee		23,102	28,727
Property and advertisement taxes		18,856	15,894
Auditors' remuneration	15.3	2,170	2,067
Renovation expense		93,424	25,309
Health check survey		-	5,263
Provision against rent receivables		-	25,669
Provision against advance income tax		-	4,728
Others		7,383	3,354
		484,207	427,612

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

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

15.3 Auditors' remuneration

	30 June 2018	30 June 2017
	(Rupees in '000)	
Audit Fee	1,200	1,200
Interim review fee	500	500
Code of corporate governance fee	75	75
Certifications	100	-
Government levies	150	142
Out of pocket expenses	145	150
	2,170	2,067

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 has 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 23). Accordingly, no tax provision has been made in the financial statements for the year ended 30 June 2018.

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, MYK Associates (Private) Limited being the Valuer, International Complex Projects Limited being the Holding Company, Dolmen Real Estate Management (Private) Limited, being the 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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

17.1 Transactions during the year

	30 June 2018	30 June 2017
	(Rupees in '000)	
International Complex Projects Limited		
- Rental income	41,292	37,538
- Purchase of equipment for maintenance	4,056	-
- Payment against purchase of equipment for maintenance	269	-
Dolmen Real Estate Management (Private) Limited - Associate due to common directorship		
- Common area maintenance charges	18,527	17,418
- Expenses incurred on behalf of Scheme	1,002	-
- Reimbursement of expenses incurred on behalf of Scheme	921	-
Retail Avenue (Private) Limited - Associate due to common directorship		
- Rental income	7,954	7,230
- Marketing income	140	-
Sindbad Wonderland (Private) Limited - Associate due to common directorship		
- Rental income	27,975	25,433
MCB - Arif Habib Savings and Investment Limited - Associate due to common directorship		
- Marketing income	2,000	-

17.2 Amounts outstanding as at year end

International Complex Projects Limited		
- 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	3,787	-
Dolmen Real Estate Management (Private) Limited - Associate due to common directorship		
- Common area maintenance charges	18,527	540
- Expenses payable incurred on behalf of Scheme	375	-
Retail Avenue (Private) Limited - Associate due to common directorship		
- Rent receivable	66	66
Sindbad Wonderland (Private) Limited - Associate due to common directorship		
- Rent receivable	466	466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 (Rupees in '000)	30 June 2017
18. EARNINGS PER UNIT - BASIC AND DILUTED			
Profit after taxation for year		<u>5,055,268</u>	<u>3,787,120</u>
		Number of units	
Weighted average number of ordinary units during the year		<u>2,223,700,000</u>	<u>2,223,700,000</u>
		(Rupees)	
Earnings per unit - basic and diluted	18.1	<u>2.27</u>	<u>1.70</u>
18.1 Earnings per unit comprises as follows:			
Distributable income - earnings per unit		<u>1.25</u>	<u>1.17</u>
Undistributable unrealised fair value gains - earnings per unit	18.1.1	<u>1.02</u>	<u>0.53</u>
		<u>2.27</u>	<u>1.70</u>

18.1.1 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.

19. FINANCIAL RISK MANAGEMENT

Risk management framework

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:

- Credit risk
- Liquidity risk
- Market risk

19.1 Credit risk

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 2018

	Note	30 June 2018	30 June 2017
(Rupees in '000)			
The maximum exposure to credit risk at the reporting date is:			
Rent receivables		128,048	91,135
Advances and other receivables		944	837
Profit accrued		6,509	25,171
Bank balances		1,479,790	3,185,531
		1,615,291	3,302,674

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.

The age wise analysis of rent receivable includes amount receivable within one year and above one year Rs. 100.702 million (2017 : 73.534 million) and Rs. 27.346 million (2017 : Rs. 17.601 million) net off provision for doubtful balances respectively. Above one year balances mainly represents sales tax amounts which have not been paid by the tenants due to stay order granted by SHC. During the year, the SHC in its order dated 18 August 2018 rendered renting of immovable property is not a service and sales tax on renting of immovable property is ultra vires to the Constitution. However, being aggrieved by the order of SHC, Sindh Revenue Board has filed an appeal before SCP, which is pending for decision.

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	JCR-VIS	A-1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
UBL Ameen Islamic Bank Limited	JCR-VIS	A-1+	AAA
Bank	Rating by	Rating	
		Short term	Long term
Bank Al-Falah Limited	PACRA	A1+	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+

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 balance sheet date to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	2018			
	Carrying amount	Contractual cash flows	up to one year	Two to five year
	(Rupees in '000)			
Formation costs payable to REIT management company	105,255	105,255	54,916	50,339
Payable to REIT management company	22,203	22,203	22,203	-
Security deposits	299,779	299,779	135,829	163,950
Accrued expenses and other liabilities	143,643	143,643	143,643	-
Unclaimed dividend	16,804	16,804	16,804	-
	587,684	587,684	373,395	214,289

	2017			
	Carrying amount	Contractual cash flows	up to one year	Two to five year
	(Rupees in '000)			
Formation costs payable to REIT management company	160,171	160,171	54,916	105,255
Payable to REIT management company	19,360	19,360	19,360	-
Security deposits	228,733	228,733	140,713	88,020
Accrued expenses and other liabilities	69,768	69,768	69,768	-
Unclaimed dividend	2,343	2,343	2,343	-
	480,375	480,375	287,100	193,275

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 balance sheet date. There are no foreign currency denominated financial instruments held by the Scheme.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

	Increase / Decrease in basis points	Effect on Profit Before Taxation (Rupees in '000)
30 June 2018	+100	<u>14,773</u>
	-100	<u>(14,773)</u>
30 June 2017	+100	<u>31,833</u>
	-100	<u>(31,833)</u>

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 balance sheet 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).

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. CORRESPONDING FIGURES

Corresponding figures wherever necessary have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

22. 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. 2,279.168 million (Note 4).

23. NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the RMC in their meeting held on 09 July 2018 have declared and subsequently distributed a final cash dividend for the year ended 30 June 2018 of Rs. 0.30 per unit amounting to Rs. 667.11 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.

24. DATE OF AUTHORISATION FOR ISSUE

The financial statements was authorised for issue by the Board of Directors of the RMC on 25 September 2018.



Chief Financial Officer



Chief Executive Officer



Director

بعد از اوقات

30 جون 2018 سے اس رپورٹ کی تاریخ تک کوئی قابل ذکر تبدیلیاں رونما نہیں ہوئیں سوائے اس کہ 0.30 روپے فی یونٹ یعنی 3.00 فیصد کے حتمی منافع جلت کا اعلان کیا اور اسے تقسیم کیا۔ اس اعلان کے اثرات کے عکاسی اگلے سال کے مالیاتی گوشواروں میں کی جائے گی۔


ملحقہ پارٹیوں کے سودے

REIT ریگولیشنز اور ادارتی نظم و ضبط کے ضابطہ کو ملحوظ خاطر رکھتے ہوئے DCR نے ملحقہ پارٹیوں کے تمام سودے آڈٹ کمیٹی اور بورڈ کے روبرو جائزہ اور منظوری کے لئے پیش کئے۔ ملحقہ پارٹیوں کے سودوں کو آڈٹ شدہ مالیاتی گوشواروں کے نوٹ نمبر 18 میں بیان کیا گیا ہے۔

اعتراف

ہم DCR کے قابل قدر سرمایہ کاروں، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج کی انتظامیہ، DCR کے متولیوں، جائیداد کے منتظم اور کاروباری شراکت داروں کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں۔ ہم انتظامی ٹیم کی کوششوں کا اعتراف کرتے ہیں۔

برائے و منجانب



محمد اعجاز

چیف ایگزیکٹو



نسیم بیگ

چیرمین

کراچی مورخہ 25 ستمبر 2018

انسانی وسائل اور معاوضہ کمیٹی

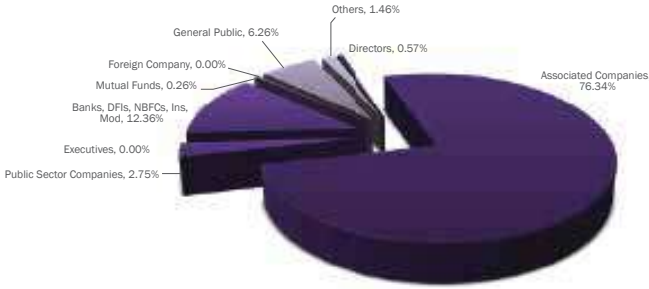
جناب اسد اللہ خواجہ	چیئرمین
جناب ندیم ریاض	سابقہ چیئرمین / ممبر
جناب صد اے حبیب	ممبر
جناب محمد اعجاز	ممبر

۔ (جناب اسد اللہ خواجہ کا انسانی وسائل اور معاوضہ کمیٹی میں بحیثیت چیئرمین 18 فروری 2018 سے تقرر کیا گیا ہے)

حصص داری کی ساخت

DCR کے یونٹس پاکستان اسٹاک ایکسچینج میں لسٹڈ ہیں۔ 30 جون 2018 کو DCR کے 3,926 یونٹ ہولڈرز تھے۔ یونٹ ہولڈنگ کی تفصیلی ساخت بطور گوشوارہ III منسلک کی گئی ہے۔ 30 جون 2018 کو DCR کی یونٹ ہولڈنگ کی ساخت بطور گوشوارہ II اس رپورٹ کے ساتھ منسلک ہے۔

یونٹ ہولڈرز کی قسم	Unit Held	%
ڈائریکٹران	12,577,149	0.57%
ماتحتہ کمپنیاں	1,697,564,500	76.34%
اعلیٰ عہدیداران	-	0.00%
پبلک سیکٹر کمپنیاں	61,042,950	2.75%
بینک، ڈی ایف آئز، این بی ایف سیز، انشورنس، موڈ	274,956,453	12.36%
میوچل فنڈز	5,837,704	0.26%
بیرونی کمپنی	125,000	0.00%
عام عوام	-	0.00%
مقامی	139,108,396	6.26%
- بیرونی	31,000	0.00%
دیگر	32,456,848	1.46%
کل	2,223,700,000	100%



مالیاتی اور کاروباری جھلکیاں

مالیاتی اور کاروباری اعداد و شماری اختصار کے ساتھ عنوان "مالیاتی اور کاروباری جھلکیاں" کے تحت (صفحہ نمبر 32) اور تصویری خاکے (صفحہ نمبر 33) پر منسلک ہیں۔

آڈٹ کمیٹی

ادارتی نظم و ضبط کے ضابطے کے تحت آڈٹ کمیٹی نے بورڈ کی منظور کردہ سوچنی گئی ذمہ داریوں کو انجام دیا۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز ڈیلاٹ یوسف عادل اینڈ کو، چارٹرڈ اکاؤنٹنٹس رینڈز ہو رہے ہیں اور اہلیت کے باعث، انہوں نے 30 جون 2019 کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بیرونی آڈیٹرز کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو کے مطابق تسلی بخش درجہ بندی حاصل ہے۔ RMC کی آڈٹ کمیٹی کی تجویز پر RMC کے بورڈ نے میسرز ڈیلاٹ یوسف اینڈ کو، کو DCR کے آڈیٹرز برائے سال 30 جون 2019 کے لئے باہمی طے شدہ معاوضہ پر تقرری کی ہے۔

ڈائریکٹران کے انتخابات

کمپنیز ایکٹ 2017 کے تحت RMC کے سات ڈائریکٹران RMC کے سالانہ اجلاس عام 2015 میں منتخب ہوئے تھے جن کی مدت اکتوبر 2018 میں مکمل ہو جائے گی۔

ڈائریکٹران کی بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری

اختتامی سال 30 جون 2018 کے دوران بورڈ کے پانچ (05) اجلاس ہوئے۔ آڈٹ کمیٹی کے چار (04) اور انسانی وسائل اور معاوضہ کمیٹی کے تین (03) اجلاس منعقد ہوئے۔ جن میں ڈائریکٹران کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	بورڈ کے اجلاس	آڈٹ کمیٹی	انسانی وسائل اور معاوضہ کمیٹی
جناب نسیم بیگ	4	N/A	N/A
جناب ندیم ریاض	4	N/A	3
جناب اسد اللہ خواجہ	5	4	1
جناب قمر حسین	4	4	N/A
جناب صد اے حبیب	4	4	3
جناب فیصل ندیم	5	N/A	N/A
جناب محمد اعجاز	5	N/A	3

جناب اسد اللہ خواجہ کو انسانی وسائل اور معاوضہ کمیٹی میں فروری 2018 سے تقرر کیا گیا ہے۔

ڈائریکٹران کا معاوضہ

نان ایگزیکٹو ڈائریکٹران (بشمول خود مختار ڈائریکٹران) ماسوائے ان ڈائریکٹران کے جو اس وقت ایگزیکٹو ڈائریکٹران کی حیثیت سے عارف حبیب گروپ آف کمپنیز میں کام کر رہے ہیں، ان کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کا معاوضہ دیا جاتا ہے جو کہ وقتاً فوقتاً بورڈ منظور کرتا ہے۔

اور جب کسی نان ایگزیکٹو ڈائریکٹر کو اضافی عہدے اور ذمہ داری سونپی جاتی ہیں تو بورڈ اس ڈائریکٹر کو سونپے گئے عہدے اور ذمہ داریوں کے مطابق معاوضہ طے کرتا ہے۔

بورڈ کی تشکیل بندی

بورڈ کی موجودہ تشکیل بندی درج ذیل ہے:

ڈائریکٹران کی کل تعداد	
(a) مرد	7
(b) خواتین	-

تشکیل بندی	
(a) آزاد ڈائریکٹران	2
(b) نان ایگزیکٹو ڈائریکٹران	4
(c) ایگزیکٹو ڈائریکٹران	1

آڈٹ کمیٹی	
جناب قمر حسین	چیئرمین
جناب صد اے حبیب	ممبر
جناب اسد اللہ خواجہ	ممبر

REITs کی نمو کے لئے ضروری ہوتا ہے کہ ان کا طویل مدت تک قانونی فریم ورک اور طرز ٹیکس معاون ہوں اور ان میں تسلسل ہو۔ اس بات کو بھی تسلیم کیا جاتا ہے کہ REITs ایک سرمایہ کاری کی گاڑی ہیں اور وہ معیشت کو چند فائدے پہنچا سکتی ہیں۔ جس میں رئیل اسٹیٹ کے ڈو کو منٹس میں بہتری، جائیداد کی تخصیص مالیت میں درنگی، حکومت کے محصولات میں اضافہ اور چھوٹے کفلیت شعاروں کو رئیل اسٹیٹ میں مواقع فراہم کرنا تاکہ وہ لیٹی بجٹ میں اضافہ کر سکیں، شامل ہیں۔ یہ بات بہت اہم ہے کہ REITs کو صوبہ سندھ میں اسٹیپ ڈیوٹی کے ریٹ میں جو فوائد دستیاب ہیں وہ پورے ملک میں حاصل ہونے چاہئیں۔

آئندہ کے امکانات

جیسے ہی نئی حکومت قدم جمالے گی تو ہمیں امید ہے کہ کاروباری ماحول میں مثبت لہر آجائے گی اور ہمیں توقع ہے کہ اس کی جھلک دفتری جگہ کی طلب میں اضافہ سے ہوگی۔ معیشت میں متوقع بہتری کی امید ہے کہ ایشیائے صرف میں مثبت اثرات آئیں گے جس سے خوردہ فروشی میں اضافہ ہوگا۔

جائیداد کے پیشہ ورانہ انتظام، لیز کی طویل مدت، مارکیٹنگ کی وسیع سرگرمیاں اور مشہور زمانہ کرایہ داروں سے ہم پر امید ہیں کہ ڈالمن سٹی مال ملاقاتیوں، خوردہ فروشوں اور کارپوریشن کے لئے پسندیدہ جگہ رہے گا۔ جس کی تصدیق مسلسل تین سال سے DCR کی ریٹنگ کے اعداد سے ہوتی ہے جسے JCR-VIS ریٹنگ ایجنسی نے 2018 میں (RR1 بلند ترین سرمایہ کاری معیار) نواز ہے۔ تسلسل کے ساتھ انسانی آمد میں اضافہ اور مال پر کرایہ داروں کا اطمینان سے DCR کے کامیاب افعال کی تصدیق ہوتی ہے۔ آگے کی جانب دیکھتے ہوئے کرایہ داری میں تیزی سے اضافہ بنیادی عنصر ہو گا جو کہ تقریباً مکمل ہو چکی ہے۔ عالمی معیارات کے مطابق مال کی زیادہ سے زیادہ کرایہ داری قابل لیز رقبہ کا 90 فیصد سمجھی جاتی ہے کیونکہ کرایہ داری ایک مائع کی طرح ہے اور نئے کرایہ داروں کو کھپانے کے لئے کچھ نہ کچھ جگہ خالی رکھنا ضروری ہے۔

ہر سطح پر نگہبانی کے لئے متولیان، آر ایم سی، شرعی مشیر اور لہس ای سی پی REIT کے ضابطوں اور دیگر لاگو قوانین کی پاسداری کو یقینی بناتے ہیں۔ یہی عناصر تسلسل کے ساتھ DCR کے یونٹ ہولڈرز کو سرمایہ کاری پر بہترین منفعت فراہم کرتے ہیں۔

ادارتی نظم و ضبط (Corporate Governance)

DCR پاکستان اسٹاک ایکسچینج میں لسٹڈ ہے۔ RMC کا بورڈ اور انتظامیہ ادارتی نظم و ضبط کے ضابطے پر عمل پیرا ہونے کے لئے پر عزم ہیں اور کاروبار اور کارکردگی کی نگرانی، درنگی میں اضافہ، مالیاتی اور غیر مالیاتی معلومات میں جامعیت اور شفافیت سے متعلق اپنی ذمہ داریوں سے آگاہ ہیں۔

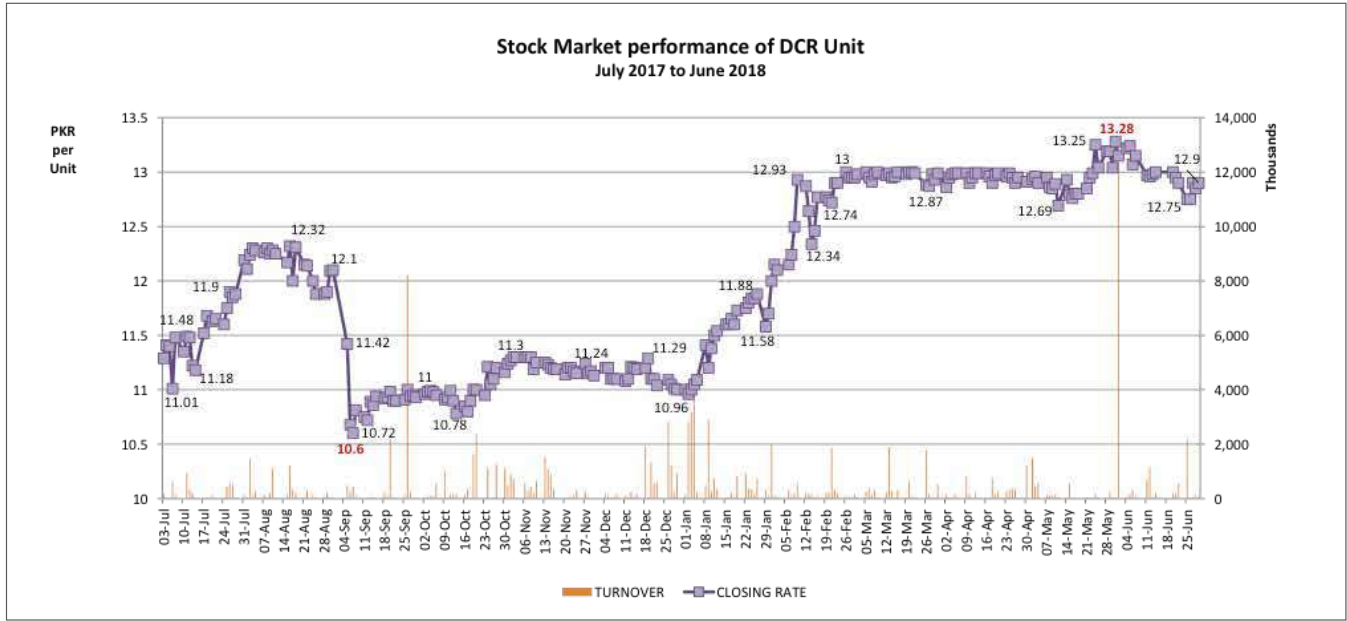
بورڈ اقرار کرتا ہے کہ DCR نے حساباتی کتابوں کو مناسب انداز میں رکھا ہے اور درست حساباتی پالیسیوں کو مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ اختیار اور ملحوظ خاطر رکھا گیا ہے سوائے ان تبدیلیوں کے جن کا مالیاتی گوشواروں کے نوٹ نمبر 2.5 میں مذکورہ کیا گیا ہے اور تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔ مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، کو 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 مالیاتی گوشوارے اس کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور NAV میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔ ٹیکسوں، محصولات، ڈیویڈنڈوں سے متعلق کوئی قابل گرفت ادائیگی واجب الادا نہیں ہے۔

ضابطہ کی پاسداری کرتے ہوئے بورڈ اس بات کا اعادہ کرتا ہے کہ DCR کے چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے اور ادارتی نظم و ضبط کے ضابطے کے بہترین طور طریقوں سے کوئی قابل گرفت اصراف نہیں کیا گیا۔ DCR ہمیشہ سے اس بات کے لئے کوشاں ہے کہ بہتر ادارتی نظم و ضبط اور اچھی اور شفاف طور طریقوں کے ذریعے ترقی حاصل کی جائے۔

ڈائریکٹران اور اعلیٰ عہدیداران کی اسکیم کے یونٹس میں خرید و فروخت

RMC کے ڈائریکٹران، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات اور کم عمر فیملی ممبران کی DCR کے شیئرز میں خرید و فروخت سے متعلق گوشوارہ F- منسلک ہے۔

30 جون 2018 کو ختم ہوئے سال میں DCR کے اثاثہ جات کی خالص مالیت یعنی NAV 18.99 روپے فی یونٹ تھی (30 جون 2017: 18.77 روپے فی یونٹ)۔ 30 جون 2018 کو DCR کی کلوزنگ قیمت 12.90 روپے تھی جو کہ اس کی NAV سے 40.35 فیصد کی رعائتی نرخ پر تھی۔



کاروباری ماحول

DCR کا کاروباری ماحول مستحکم رہا۔ کراچی جو کہ پاکستان کا تیزی سے ابھرتا ہوا شہر ہے، یہاں پر خوردہ فروشی اور دفتری کاروبار کے لئے جگہ کی طلب میں مسلسل اضافہ ہو رہا ہے۔ لہذا رسد میں کثرت کی وجہ سے جو کہ اس وقت ابتدائی ڈھانچے یا Grey Structure کے مراحل میں ہے تاہم رواں مالی سال کے دوران دیکھنے میں کوئی نئی پیشقدمی نہیں آئی۔ اس طرح آنے والے مالیاتی سال میں ہم قابل ذکر سپلائی نہیں دیکھتے جو کہ DCR کے کاروباری افعال پر اثرات مرتب کرے گی۔ حال ہی میں بینکوں کے لئے دفتری جگہ کی ضروریات میں قابل ذکر اضافہ ہوا جسے HBL نے (26 G4 منزل)، سمٹ بینک نے بختاور ٹاور اور سلک بینک کا اپنا ٹاور آئی آئی چندریگر روڈ پر جو تعمیر کے مراحل میں ہے۔ لہذا یہ ادارے بڑے پیمانے پر دفتری جگہ کی ضروریات کو پورا کر رہے ہیں اس کے باوجود ہمیں DCR کے دفتری شعبہ کے کاروبار میں کوئی خاص اثر پڑھتا ہوا نظر نہیں آ رہا۔

جبکہ دوسری جانب خوردہ فروشی کی جگہوں میں کوئی قابل ذکر کثرت نہیں دیکھی گئی۔ متعلقہ مسابقت میں صرف بحریہ آئیگن ٹاور، جو کہ 62 منزلہ عمارت کا مرکب ہے جس میں خوردہ فروشی، تفریح، دفتری اور رہائشی جگہیں موجود ہیں۔ ملک میں نئے چند عالمی برانڈز معیاری مال کو متعارف کروا سکتے ہیں جن کے لئے پاکستان اگلی منزل ثابت ہو سکتا ہے۔ عدالت عالیہ سندھ کے حکم استماع کی وجہ سے ترقیاتی کاموں پر کام کی رفتار سست ہو گئی ہے۔ ترقیاتی کام اس وقت آخری مراحل میں ہیں اور ہمیں اس بات کی توقع نہیں ہے کہ اگلے مالیاتی سال میں بھی جگہ دستیاب ہو جائے گی۔

سپلائی میں اضافہ کے باوجود منصوبہ بندی اور تعمیری مراحل میں DCR کے دفتری اور خوردہ فروشی کے اجزاء ملک کی تاریخ میں بہترین منظم تجارتی رئیل اسٹیٹ سمجھے جاتے ہیں اور توقع ہے کہ طلب میں مستحکم رہے گی۔

DCR میں پائیدار کرایہ جاتی سطح ایک حساس معاملہ ہے۔ بڑے خطرات میں (i) دفتری اور خوردہ فروشی کی جگہ کی فراہمی کے لئے مستقبل میں قرب و جوار کے اہم پروجیکٹس کی وجہ سے علاقے میں قیمتیں ممکنہ طور پر کم ہو جائیں گی۔ تاہم نئے پروجیکٹس میں بچت کو مد نظر رکھتے ہوئے سہولیات میں کمی آجائے گی، جبکہ دوسری جانب DCR نے صنعت میں ایک معیار قائم کیا ہے جس کو اس کے کرایہ دار بھی تسلیم کرتے ہیں۔ (ii) بڑھتی ہوئی شرح سود کے پیش نظر DCR کی منفعیت کو مسابقت کا سامنا ہو گا تاہم طویل مدت میں REIT کا یونٹ افراط زر پر قابو پاتے ہوئے سرمایہ کاروں کو تسلسل کے ساتھ مستحکم منفعیت اور نمو فراہم کرے گا۔ (iii) موجودہ کرایہ داروں کی جانب سے عدم ادائیگی، یہ وہ خطرہ ہے جسے ڈالمن سٹی میں خاطر خواہ نہیں سمجھا جاتا ہے کیونکہ کرایہ داروں کی اکثریت یا تو بین الاقوامی کمپنیاں ہیں یا بڑے فریچائز ہیں اور DCR کی جائیداد کے منظم نہ صرف شدید چھان بین، تعارف اور کرایہ داری کی سرچشمہ پالیسیوں کو نافذ کیا ہے بلکہ ہر کرایہ دار کے ساتھ ہمدردانہ تعلقات استوار کئے ہیں۔

اس رمضان میں مال کے مشہور زمانہ عالمی اور مقامی برانڈز نے حصہ لیا۔ عید کی خوشیوں میں کمیونٹی اور دی سٹیزن فاؤنڈیشن کے تعاون سے سرفہرست 70 کامیاب لوگوں نے مال میں تفریح اور تعلیمی دورہ کیا۔ 8 سال سے 11 سال کے لڑکے اور لڑکیاں اپنے تعلیمی سال کے اختتام پر افطار اور شاپنگ میں شرکت کر کے محظوظ ہوئے۔

ڈالمین مال نے منگل 12 جون 2018 کو کراچی شینفس کے تعاون سے عید پر "عید کی مٹھاس" کے نام سے مٹھاس اور ڈانقوں کے کا مقابلے کا انعقاد کیا۔ 100 سے زیادہ رجسٹریشن ہوئیں جن میں سے 50 گھریلو شینفس کو پورے کراچی سے منتخب کیا گیا، جو گھر سے میٹھی اشیاء تیار کر کے لائے اور انہیں مال کی جیوری کے سامنے پیش کیا۔ رمضان کے مہینے میں مال میں لوگوں کی آمد 943,186 رہی۔

ڈالمین شاپنگ فیسٹول:

25 ویں ڈالمین شاپنگ فیسٹول (DSF) میں ڈالمین مال میں 16 دن تک جشن منایا گیا (22 دسمبر 2017 سے 7 جنوری 2018 تک) DSF میں عالمی اور مقامی شہرت یافتہ برانڈز نے رعایت، حیرت انگیز تحائف، تفریح سے بھرپور مقابلے، دلکش مصنوعات اور مزیدار کھانے فراہم کئے۔ ڈالمین ڈراما میں قیمتی اعلیٰ دیئے گئے اور کئی مشہور زمانہ شخصیات اور برانڈز نے ان سرگرمیوں میں شرکت کی۔

اس فیسٹول میں لوگوں کی آمد 549,369 رہی۔ اوسطاً روزانہ تعداد تقریباً 32,000 رہی جو کہ گزشتہ سال کی بہ نسبت 2 فیصد اضافہ کی نشاندہی کرتا ہے۔

عالمی یوم مادر:

عالمی یوم مادر پر مال نے ماؤں کو خراج تحسین پیش کرتے ہوئے بہت یادگار لمحات فراہم کئے جو ہمارے مال کے خریداروں میں امتیازی حصہ رکھتی ہیں۔ ڈالمین مال نے خریداروں کو غیر معمولی ڈسکاؤنٹ اور کھانوں کی ڈیلز کی پیشکش کی تاکہ وہ اپنے ماؤں کے ساتھ اس قیمتی رشتے کو مناسکے۔ کئی اندرونی اور بیرونی برانڈز نے اپنے اسٹال لگا کر اس میں شرکت کی اور عالمی یوم مادر کو منانے کے لئے کئی دلکش سرگرمیاں پیش کیں۔ اس ایونٹ میں کل 113,034 لوگوں کی آمد ہوئی۔

منافع جات کی تقسیم

سال کے پہلے نو ماہ میں بورڈ آف ڈائریکٹرز نے عبوری منافع جات کی مد میں 0.90 روپے فی یونٹ کا اعلان اور تقسیم کیا۔ یعنی 9.00 فیصد ہر سہ ماہی میں برابری کی بنیاد پر۔ سال کے آخر میں بورڈ نے حتمی منافع جات کی مد میں 0.30 روپے فی یونٹ یعنی 3.00 فیصد کا اعلان اور تقسیم کیا۔ اس طرح مجموعی طور پر DCR نے کل منافع جات 1.20 روپے فی یونٹ کا اعلان کیا اور اسے تقسیم کیا جو کہ مالیت پر سالانہ 12 فیصد منفعیت کی نشاندہی کرتا ہے جو آئی پی او انوسٹر 11 روپے فی یونٹ کی اجزائی (اسٹرائیک) قیمت کیلئے مبلغ 10.91 فیصد بنتی ہے۔ 30 جون 2018 کو کل ادائیگیاں قابل تقسیم آمدنی کا 96 فیصد رہیں جو 2.667 بلین روپے بنتا ہے۔

شریعت سے ہم آہنگی

شرعی اصولوں کی پاسداری کرتے ہوئے، آپ کے فنڈ کی جائیداد "A" درجہ کی پاکستانی آپریٹرز (جسے انٹرنیشنل اور معروف Re-Takaful سٹریٹیجی کا تعاون بھی حاصل ہے) کی جانب سے تکافل کی پالیسی کے تحت محفوظ رہیں۔ الحمد للہ زیر جائزہ سال کے دوران کوئی دعویٰ سامنے نہیں آیا اور یوں DCR رخصت ہوتے سال کے دوران نو کلیم بونس سے بہرہ مند ہوا۔ سالانہ شریعت جائزہ رپورٹ مورخہ 7 اگست 2018 میں شریعت ایڈوائزر نے تمام پہلوؤں سے شرعی اصولوں کے ساتھ موافقت کی توثیق کی ہے۔

اسٹاک کی کارکردگی

12 ماہی جائزہ مدت کے دوران، DCR نے پاکستان اسٹاک ایکسچینج میں اپنے یونٹ کی خرید و فروخت کی، اوسطاً یونٹ کی قدر 11.98 پاکستانی روپے (جو گزشتہ سال کے 10.60 روپے فی یونٹ کے مقابل میں 9.94 فیصد زیادہ ہے) اور بلند ترین 13.28 روپے اور کم ترین 10.60 روپے رہی۔ کم قیمت کی وجہ گزشتہ سال ستمبر میں منافع منقسمہ کا نہ ہونا تھا۔ جائزہ مدت کے دوران KSE-100 انڈیکس 37,919.42 سے 47,084 کی درمیانی حدود میں متحرک رہا۔ مارکیٹ کی غیر یقینی صورتحال کے باوجود DCR کے یونٹ 0.28 Beta کے ساتھ مستحکم رہا (جس کا مطلب یہ ہے کہ KSE-100 انڈیکس میں 100 فیصد تبدیلی پر DCR میں 28 فیصد تبدیلی ہوئی، یعنی اس Beta سے کم عدم استحکام اور لچکداری ظاہر ہوتی ہے) اور مارکیٹ کی ہم تغیری صرف 0.25 (جو کہ دو پرخطر اثاثوں کی منفعیت میں تبدیلی کو ناپتا ہے، جس سے DCR کی یونٹ کی کارکردگی مارکیٹ کی کارکردگی میں چٹا مثبت ہم آہنگی کو ظاہر کرتا ہے)

اسلامک فنانس ایبکسی لیننس ایوارڈ

مارچ 2018 کے دوران ریٹ بینجمنٹ کمپنی کو گلوبل فورم برائے اسلامک فنانس کی جانب سے اسلامی سرمایہ کاری میں ستائش موصول ہوئی جس کا انعقاد سینٹر آف اسلامک فنانس۔ کو میسٹس لاہور نے کیا تھا جس میں پاکستان میں شرعی اصولوں کی پاسداری کرنے اور محدود آمدنی والے سرمایہ کاروں کے لئے ریٹ میں سرمایہ کاری متعارف کرنے پر نئے نقطے کی بہترین اسلامک ریٹ سے نوازا گیا۔

ڈالمین سٹی کی شہرت اور برانڈ کی نیک نامی بڑھانے میں پراپرٹی مینجر نے انتہائی اہم کردار ادا کیا ہے جس کی کاوشوں کی بدولت کراچی کے باسیوں کو یہاں آنے، خریداری کرنے اور ڈالمین مال کا حصہ بننے کا موقع فراہم کیا۔ سہ ماہی بنیاد پر شائع ہونے والے میگزین میں سرپرستوں کو شاپنگ فیسٹول، سالانہ تقریبات، مختلف برانڈ کے اشتہارات اور رعایتی پیشگوئوں سے آگاہ رکھا جاتا ہے جس کی سالانہ 20,000 کلپیاں میگزین کے ممبران، PR، لسٹ، کرایہ داروں اور مال کے اندر موجود خریداروں کو تقسیم کی جاتی ہیں۔

سال کے دوران ڈالمین مال میں بڑے پیمانے پر مارکیٹنگ و برانڈنگ سرگرمیاں جاری رہیں جس کے نتیجے میں تقریباً 1 کروڑ لوگ یعنی اوسطاً ہر ماہ 843,919 لوگ تشریف لائے۔ ڈالمین مال کے برانڈ کے 25 سال کامیابی سے مکمل ہونے پر ہم نے 2018 میں 25 واں ڈالمین شاپنگ فیسٹول منایا۔ رمضان اور عید کی خریداری سے لے کر جشن یوم آزادی، نئے سال کا جشن اور دیگر ایونٹ بھرپور انداز سے منائے گئے۔

اسکیم کی مارکیٹنگ ایکٹیویٹی سے مارکیٹنگ انکم میں ماہانہ اوسطاً 25.10 فیصد یعنی 42.174 ملین روپے اضافہ ہوا۔ مختلف تقریبات، رمضان، عید، نئے سال اور ڈالمین بازار کے لئے عارضی لیزنگ کی وجہ سے ضمنی آمدنی میں نمایاں اضافہ ہوا۔ 17 نئے کیا سکس اور کارٹس کو متعارف کرایا گیا۔ اس کے علاوہ مختلف برینڈز جن میں پی ایس او، میک ڈوئلڈز، الکریم اور دیگر نے برینڈنگ لیکنیٹیویٹی منعقد کی جس سے مال کی برینڈنگ آمدنی میں اضافہ ہوا۔

ڈالمین شاپنگ فیسٹول اور رمضان جشن اور عید بازار میں عمومی طور پر مال میں خریداروں کا ہجوم رہتا ہے۔ دیگر اہم تقریبات جیسے یوم آزادی کی تقریب، مال کے دن کی تقریب، عالمی یوم صحت، اسکول میں واپسی کا فیسٹول، ڈالمین گیسٹس فٹ (ایک قسم کی فننس فیسٹول)، یوم قرا داد پاکستان، خواتین کا عالمی دن اور مزید بہت کچھ شامل ہیں۔

یوم آزادی:

ڈالمین مال میں یوم آزادی کی تقریبات ایک بہت نمایاں تقریب ہوتی ہے۔ پاکستان کے 70 ویں یوم آزادی پر یکم اگست 2017 سے ڈالمین مال کے باہر بہت بڑا روشنی کا اسٹیج سجایا گیا جبکہ اندرونی حصے کو بھی بہت خوبصورتی سے سجایا گیا تھا۔ اس کی عکاسی تمام ٹیوائی مارکیٹنگ، سرگرمیوں، رابطوں اور طرز آرائش میں جھلکتی ہے، اس تقریب کی وجہ سے آنے والوں کی تعداد 169,608 رہی۔

یوم پاکستان:

اس سال ڈالمین مال میں یوم پاکستان 23 مارچ 2018 سے 25 مارچ 2018 تک منایا گیا۔ مال نے قوم کے شہیدوں کو خراج تحسین پیش کیا اور اس دن کی اہمیت کی نسبت سے گرین اور وائٹ روشنیوں سے سجایا گیا۔ مال کے تمام اسٹورز نے تقریبات میں شامل ہو کر اپنے اسٹورز پر 23 فیصد رعایت دی۔ خریدار مکمل طور پر اس تقریب سے لطف اندوز ہوئے اور گزشتہ سال کے مقابلے میں خریداروں کی آمد 14.4 فیصد زیادہ رہی یعنی 107,155۔

سالانہ رمضان مہم:

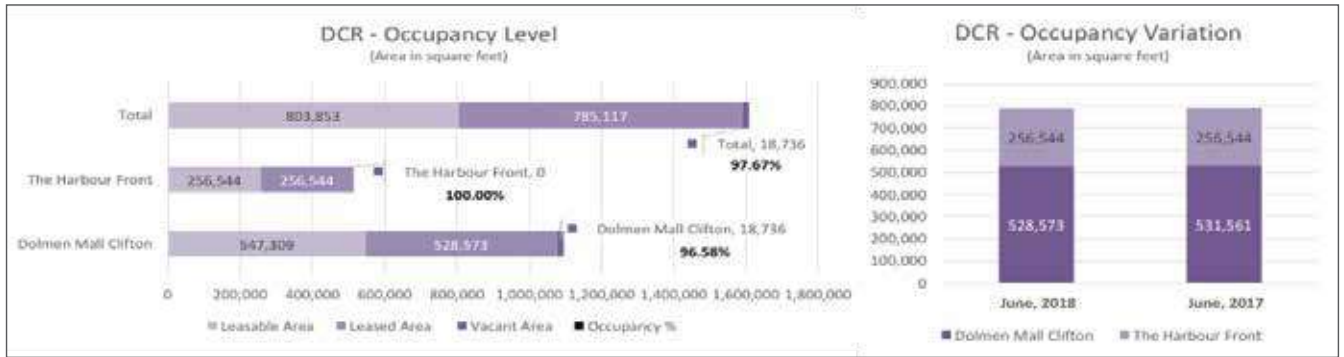
اس رمضان میں مال نے بے شمار خاندانوں کے لئے مسرت کا سامان مہیا کیا جس میں خریداری، انعامات، اشیائے خوردونوش اور تفریح کے بہترین مواقع شامل تھے۔ رمضان المبارک کے مہینے کی نسبت سے مال کو عربی نقوش کے طرز پر قمقموں اور فانوس سے سجایا گیا تھا تاکہ گاہک اس سے محظوظ ہو سکیں۔

کاروبار کی کارکردگی

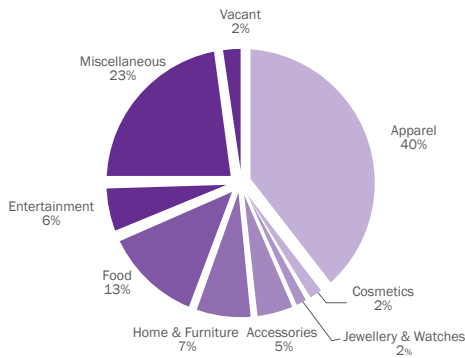
DCR کی پراپرٹی کے تصرف کی شرح 2015 میں آغاز سے ہی مسلسل بلند رہی ہے۔ گزشتہ سال کی یہ نسبت تصرف کی شرح میں معمولی اضافہ (یعنی 0.28 فیصد) رہا اور 30 جون 2018 کے اختتام پر تصرف کی شرح 97.67 فیصد رہی۔ ڈالمین مال میں نئے آنے والے کرایہ داروں میں دیگر کے علاوہ آڈو، منیسو، ہائی داوے، ایچ شامل ہیں اور چند جانے والے کرایہ داروں میں ایچ ایس ڈائی، سلک اسکن اور دیگر شامل ہیں۔ DCR میں کل خالی جگہ 18,736 sq.ft ہے جس میں بے شمار کرایہ داروں کی آمد متوقع ہے۔

30 جون 2018 کے مطابق ویٹیڈ ایوریج لیز ایکسپائرٹی ڈالمین سٹی مال کے لیز کے قابل رقبے (جو کہ کل رقبے کا 68 فیصد ہے) تقریباً 3.03 سال ہے اور ہاربر فرنٹ (کل رقبے کا 32 فیصد) تقریباً 3.35 سال ہے (DCR کی موجودہ اوسط لیز ایکسپائرٹی 3.13 سال ہے)۔

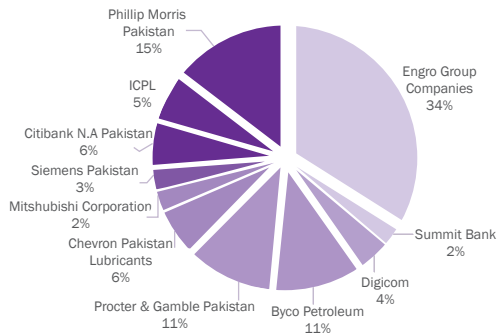
ڈالمین مال اور ہاربر فرنٹ میں کرایہ داری کی سطح درج ذیل ہے:



MALL - TENANCY PROFILE (AS AT JUNE 2018)



HARBOUR FRONT - TENANCY PROFILE (AS AT JUNE 2018)



DCR کے کرایہ داروں کا تعارف

مذکورہ پراپرٹی کے موجودہ کرایہ داروں میں قابل اعتماد (زیادہ تر عالمی برانڈز اور بین الاقوامی کارپوریشنز) شامل ہیں۔ ڈالمین مال کلفٹن میں ہائپر اسٹار اور ڈیمین ہاؤس کے ساتھ ساتھ مقامی اور عالمی برانڈز شامل ہیں جس میں مینگو، نیکسٹ، ٹانک، کھاڈی، نمبر لینڈ اور چارلس اینڈ کیتھ شامل ہیں۔ مال میں کل 189 اسٹورز ہیں جن میں ملبوسات کی تصرف کی 40 فیصد اور اشیاء خورد و نوش کی 13 فیصد ہے۔ ان کے علاوہ دیگر تصرف کی اشیاء میں ملا جلا رجحان ہے۔ مال ایک مستحکم معاشی نیٹ ورک پیش کرتا ہے جس میں شہر کے موجودہ شہرت یافتہ مقامی اور عالمی برانڈز کام کر رہے ہیں۔

ہاربر فرنٹ میں کرایہ داری کے موجودہ پورٹ فولیو میں مشہور زمانہ مقامی اور بین الاقوامی کارپوریشنز جس میں دیگر کے علاوہ لیٹکو کارپوریشن، فلپ مورس، مٹسوبی کارپوریشن اور پروکٹر اینڈ گیمبل بھی شامل ہیں۔ ہاربر فرنٹ میں کل 17 منزلیں ہیں جس میں تمام جگہیں مکمل تصرف پر ہیں۔

ڈائریکٹرز رپورٹ

ڈولمین سٹی ریٹ کے معزز یونٹ ہولڈرز

عارف حبیب ڈولمین ریٹ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم ڈولمین سٹی ریٹ ("DCR" یا "اسکیم") کے ختم ہونے والے مالی سال کی سالانہ رپورٹ جمع آڈٹ شدہ مالیاتی گوشوارے آڈٹرز کی رپورٹ اور دیگر Statutory رپورٹیں پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

عمومی جائزہ

ڈائریکٹرز اس بات کو بتاتے ہوئے خوشی محسوس کر رہے ہیں کہ اللہ رب العزت کے فضل سے DCR نے ایک اور کامیاب کاروباری سال مکمل کر لیا ہے۔ اسکیم تسلسل کے ساتھ جنوبی ایشیا کے کیپٹل مارکیٹ میں پیشرو کے طور پر واحد لسٹڈ ریٹ رہی اور خطے میں بہترین اسلامی ریٹ ہونے کا اعزاز حاصل کیا۔ اختتام پذیر ہونے والے سال میں DCR کی کارکردگی آفرنگ ڈاکومنٹس میں ظاہر کی گئی توقعات سے کئی بہتر رہی۔ DCR کی مسلسل بہترین کارکردگی، اس کی مسلسل RR1 ریٹنگ برقرار رکھنے، شرعی اصولوں کی پاسداری اور بہتر منافع کی تقسیم سے لگایا جاسکتا ہے۔ ڈولمین مال، گاہکوں اور دوکانداروں کے لئے پسندیدہ جگہ ہے جس کی عکاسی اس کے تصرف کی شرع اور آمدنی کے بڑھتے ہوئے نتائج ہیں۔ اسی طرح ہاربر فرنٹ ملک میں اعلیٰ معیاری دفتری جگہوں کی فراہمی کے لئے علامتی نشان بن گیا ہے۔ یہ بات حوصلہ افزا ہے کہ پاکستان میں ریٹ کے لئے موجود قانونی اور ٹیکس میں تعمیری اصلاحات لائی جارہی ہیں جن سے نہ صرف DCR کو کاروباری استحکام حاصل ہوگا بلکہ کیپٹل مارکیٹ میں بھی پرکشش حیثیت حاصل ہو جائے گی اور مزید ریٹس کے مواقع حاصل ہوں گے۔

مالیاتی کارکردگی

ذیر جائزہ سال کے اختتام پر DCR کے فنڈ کا سائز 30 جون 2018 کو 41.119 بلین روپے تھا (30 جون 2017 کو 38.839 بلین روپے) جس کی وجہ سے یہ پاکستان کے کیپٹل مارکیٹ میں شرعی اصولوں کی پاسداری کرتا ہوا سب سے بڑا کلوزڈ اینڈ فنڈ بن گیا۔

ذیر جائزہ سال کے دوران، DCR کی کرایوں سے آمدنی کی مالیت 3,046.978 بلین (30 جون 2017 کو 2,841.578 روپے) روپے رہی جو کہ گزشتہ سال کی بہ نسبت اوسط مہمانہ کرائے کی شرع میں 7.23 فیصد کا اضافہ ہوا اور مارکیٹنگ آمدن 210.165 بلین روپے (30 جون 2017 کو 167.991 روپے) اور شریعہ مطابق بینک (Shariah Compliant Bank) کا منافع 112.842 بلین روپے (30 جون 2017 کو 123.085 بلین روپے) رہا۔ انتظامی، کاروباری اور دیگر اخراجات 593.885 بلین روپے (30 جون 2017 کو 526.510 بلین روپے) رہے۔

2.279 بلین روپے کی رقم بھی جائیداد کی (fair value) میں تبدیلی کے طور پر ریکارڈ کی گئی جو کہ ایک خود مختار قیمت متعین کنندہ MYK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کی جانب سے طے کی گئی (حوالہ مالیاتی گوشوارہ نوٹ نمبر 4) نتیجتاً منافع 5.055 بلین روپے (30 جون 2017 کو 3.787 بلین روپے) اور فی یونٹ آمدنی (EPU 2.27) روپے رہی۔ EPU میں غیر تسلیم شدہ بازاری مالیت کے منافع پر قابل تقسیم آمدنی 1.25 روپے اور ناقابل تقسیم آمدنی 1.02 رہی۔





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