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Independent Audit Firm Report
To the Shareholders of Image REIT
Expire Date: June 30, 2024

Image REIT

IMAGE REIT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

Image REIT

The accompanying financial statements of Image REIT, a real estate investment trust, for the year ended June 30, 2024, were audited by the independent member firm of the Certified Public Accountants (CPA) firm, PricewaterhouseCoopers LLP, a member firm of the PricewaterhouseCoopers network, which is a member of the PricewaterhouseCoopers Global Network. The independent member firm of the CPA firm, PricewaterhouseCoopers LLP, is a member firm of the PricewaterhouseCoopers network, which is a member of the PricewaterhouseCoopers Global Network. The independent member firm of the CPA firm, PricewaterhouseCoopers LLP, is a member firm of the PricewaterhouseCoopers network, which is a member of the PricewaterhouseCoopers Global Network.

Image REIT is a real estate investment trust, which is a company that owns, operates, and manages real estate properties.

The accompanying financial statements of Image REIT, a real estate investment trust, for the year ended June 30, 2024, were audited by the independent member firm of the Certified Public Accountants (CPA) firm, PricewaterhouseCoopers LLP, a member firm of the PricewaterhouseCoopers network, which is a member of the PricewaterhouseCoopers Global Network.

The accompanying financial statements of Image REIT, a real estate investment trust, for the year ended June 30, 2024, were audited by the independent member firm of the Certified Public Accountants (CPA) firm, PricewaterhouseCoopers LLP, a member firm of the PricewaterhouseCoopers network, which is a member of the PricewaterhouseCoopers Global Network.

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**Independent Auditor's Report
To the Unit holders of IMAGE REIT
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of the **IMAGE REIT (the "Scheme")** which comprise the statement of financial position as at 30 June 2024 and the statement of profit or loss and other comprehensive income, the statement of changes in unitholders' fund, the statement of cash flows for the year ended June 30, 2024, and notes to the financial statements, including a summary of material 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, the statement of profit or loss and other comprehensive income, the statement of changes in unitholders' fund 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) and Real Estate Investment Regulations, 2022 in the manner so required and respectively give a true and fair view of the state of the scheme's affairs as at 30 June 2024 and of its profit and other comprehensive income, the changes in unitholders' fund 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.

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

The management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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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 Those Charged with Governance 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 the REIT Regulations, 2022 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.

Those charged with governance 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.

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- 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.

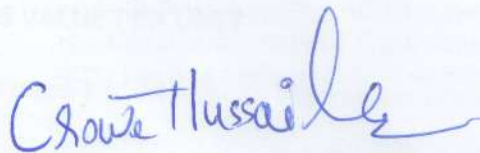
We communicate with the board of directors of management company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 and other comprehensive income, the statement of changes in unitholders' fund, the statement of cash flows together with the notes thereon have been drawn up in conformity with Real Estate Investment Trust Regulations, 2022 and 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 period were for the purpose of the Scheme's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Imran Shaikh.



Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi

Date:

13 SEP 2024

UDIN: AR202410207ZxtFILMYP

**IMAGE REIT
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Note	2024 -----Rupees-----	2023
ASSETS			
Non-current assets			
Investment property	5	<u>2,050,995,000</u> 2,050,995,000	1,717,960,000 1,717,960,000
Current assets			
Other receivables and deposits	6	29,158	-
Receivables	7	19,503,520	-
Bank balances	8	<u>11,160,372</u> 30,693,050	10,000 10,000
TOTAL ASSETS		<u>2,081,688,050</u>	<u>1,717,970,000</u>
UNIT HOLDERS' FUND AND LIABILITIES			
Unit holders' fund			
Represented By:			
Issued, subscribed and paid-up units (183,843,033 units of Rs.10 each)	9	1,838,430,330	1,717,960,000
Capital reserve	10	199,944,920	-
Revenue reserve		34,389,268	(250,000)
TOTAL UNIT HOLDERS' FUND		<u>2,072,764,518</u>	<u>1,717,710,000</u>
LIABILITIES			
Current liabilities			
Payable to REIT Management Company- related party	11	3,105,555	10,000
Accrued expenses		3,317,977	250,000
Security deposit	12	<u>2,500,000</u> 8,923,532	- 260,000
TOTAL LIABILITIES		<u>8,923,532</u>	<u>260,000</u>
CONTINGENCIES AND COMMITMENTS	13	8,923,532	260,000
TOTAL UNIT HOLDERS' FUND AND LIABILITIES		<u>2,081,688,050</u>	<u>1,717,970,000</u>
NET ASSETS VALUE PER UNIT		<u>11.27</u>	<u>10.00</u>

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

**For Sinolink REIT Management Limited
(REIT Management Company)**

Muhammad Ahmed
CHIEF EXECUTIVE

Azad Ahmed
DIRECTOR

IMAGE REIT
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

		For the year ended June 30, 2024	For the period from March 07, 2023 to June 30, 2023
	Note	-----Rupees-----	
Revenue	14	41,340,320	-
Administrative expenses	15	(6,601,301)	(250,000)
Net operating profit / (loss)		34,739,019	(250,000)
Other income		126,249	-
Management fee	11.1	-	-
Sindh sales tax on management fees		-	-
Trustee fee	16	(226,000)	-
Profit / (Loss) before change in fair value of investment property		34,639,268	(250,000)
Unrealised gain on remeasurement of fair value of investment property	5	199,944,920	-
Profit / (Loss) before tax		234,584,188	(250,000)
Taxation	17	-	-
Profit / (Loss) for the year / period		234,584,188	(250,000)
Other comprehensive income		-	-
Total comprehensive income for the year / period		234,584,188	(250,000)
Profit / (Loss) per unit - Basic and diluted	18	1.276	(0.001)

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

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For Sinolink REIT Management Limited
(REIT Management Company)

Muhammad Aslam
CHIEF EXECUTIVE

Asad Ahmed
DIRECTOR

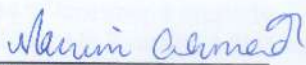
IMAGE REIT
STATEMENT OF CHANGES IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Reserves			Total Unit holders' fund
	Capital Reserve	Revenue Reserve		
Issued, subscribed and paid-up units	Fair Value Reserve (Note 10.1)	Accumulated profit/(loss)		
-----Rupees-----				
Transaction with owners:				
Units Issued during the period	1,717,960,000	-	-	1,717,960,000
Total comprehensive loss for the period	-	-	(250,000)	(250,000)
Balance as at June 30, 2023	1,717,960,000	-	(250,000)	1,717,710,000
Units issued during the year	120,470,330	-	-	120,470,330
Total comprehensive income for the year	-	-	234,584,188	234,584,188
Reclassification adjustment related to changes in fair value of investment property	-	199,944,920	(199,944,920)	-
Balance as at June 30, 2024	1,838,430,330	199,944,920	34,389,268	2,072,764,518

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

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For Sinolink REIT Management Limited
(REIT Management Company)


CHIEF EXECUTIVE


DIRECTOR

**IMAGE REIT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

For the year ended
June 30, 2024

For the period from
March 07, 2023 to
June 30, 2023

-----Rupees-----

CASH FLOW FROM OPERATING ACTIVITIES

Profit / (Loss) for the year / period

234,584,188

(250,000)

Adjustment for non-cash and other items:

Unrealised gain on remeasurement of fair value of investment
property

(199,944,920)

-

34,639,268

(250,000)

Working Capital Changes:

(Increase) / Decrease in current assets:

Advance tax

Receivables

Increase / (Decrease) in current liabilities:

Payable to the REIT management company

Accrued expenses

Security deposit

Cash (used in) / generated from operating activities

Net cash generated from operating activities

(29,158)
(19,503,520)

-

-

3,095,555
3,067,977
2,500,000

10,000

250,000

-

(10,869,146)

260,000

23,770,122

10,000

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of investment property

Net cash used in investing activities

(133,090,080)

-

(133,090,080)

-

CASH FLOW FROM FINANCING ACTIVITIES

Issuance of units

Net cash generated from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at the beginning of the year / period

Cash and cash equivalents at the end of the year / period

120,470,330

-

120,470,330

-

11,150,372

10,000

10,000

-

11,160,372

10,000

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

For Sinolink REIT Management Limited
(REIT Management Company)

Nauman Ahmed

CHIEF EXECUTIVE

Asad Ahmed

DIRECTOR

IMAGE REIT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF THE BUSINESS

1.1 Legal status and operations

Image REIT ("the Scheme") was established under Trust Deed, dated 1 July 2022, executed between Sinolink REIT Management Co., Limited, as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL), as the Trustee. The Scheme is governed under the Real Estate Investment Trust Regulations, 2022 (Previously 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 1 July 2022 whereas approval of the registration of the REIT Scheme was granted by the SECP on 7 March 2023. The Scheme is a perpetual, closed-ended, shariah compliant Hybrid REIT.

The registered office of the REIT Management Company is situated at 6th Floor, Image Tower, A/33, Central Commercial Area, Block 7/8, Karachi Co-operative Housing Societies Union, Karachi. The objective of the REIT Scheme is making investments in real estate, which comprises constructed premises as well as land to be acquired with the objective of development and construction of building on it and then letting on rent and / or selling them for the purpose of generating income of the Scheme.

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 applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 and Part VIII A of the repealed Companies Ordinance 1984; and

- The Real Estate Investment Trust Regulations 2022 (REIT Regulations, 2022).

Where the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984 and REIT Regulations, 2022 differ from the IFRS Standards, the provisions of and directives issued under Companies Act, 2017 and REIT Regulations, 2022 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Key judgements and estimates

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Scheme's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

- Investment property

2.5 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Scheme annual accounting period which began on July 1, 2024. However, these do not have any significant

b) Standards and amendments to approved accounting standards that are not yet effective

There are standards and certain other amendments to the accounting and reporting standards that will be mandatory for the Scheme's annual accounting periods beginning on or after July 1, 2024. However, these are considered either not to be relevant or to have any significant impact on the Scheme's financial statements and operations and therefore, have not been disclosed in these financial statements.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. The Scheme has consistently applied the following accounting policies to all periods presented in these financial

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 initially measured at cost and subsequently at fair value with any change therein recognized in statement of profit or loss.

The Scheme determines the fair value of its investment property after every six months through an independent qualified valuer fulfilling the minimum criteria stated by the REIT Regulations, 2022. The valuer under REIT Regulations, 2022 is required to carry out valuation on three approaches and explicitly state the approach adopted that is most appropriate for the Scheme.

Subsequent costs are included in the carrying amount or recognized 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 in the period in which they are incurred.

3.2 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and term deposit receipts having maturity of not more than three months.

3.3 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration received, whether or not billed to the Scheme.

3.4 Financial instruments

3.4.1 Classification and Initial Measurement

The Scheme classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

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The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Scheme to at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the

Financial assets at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

3.4.2 Subsequent Measurement

(a) Financial assets at FVOCI

These assets are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

(b) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in profit or loss.

(c) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

3.4.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Scheme of similar financial assets) is primarily derecognized (i.e., removed from the Scheme's statement of financial position) when the rights to receive cash flows from the asset have expired; or the Scheme has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Scheme has transferred substantially all the risks and rewards of the asset, or (b) the Scheme has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Scheme has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Scheme continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Scheme also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Scheme has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Scheme could be required to repay.

3.4.4 Impairment - expected credit loss (ECL) of financial assets

The Scheme recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through statement of profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Scheme expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Scheme applies a simplified approach in calculating ECLs. Therefore, the Scheme does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Scheme has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.4.5 Impairment of non-financial assets

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

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

3.4.6 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

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3.5 Provisions

Provisions are recognised when the Scheme has a present (legal or constructive) obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that can be made. Provisions are reviewed at each reporting date and accordingly adjusted to reflect current best estimate.

3.6 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 or unrealised, is distributed in cash 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.

3.7 Revenue recognition

- Rental income from investment property 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.
- Other income is recognised on accrual basis.

3.8 Earnings per unit

The Scheme presents basic and diluted earnings per unit data for its ordinary units. Basic EPU is calculated by dividing the profit or loss attributable to unitholders of the Scheme by the weighted average number of units outstanding during the year. Diluted EPU is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of unitholders outstanding after the effects of all dilutive potential units.

3.9 Net assets value per

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

4 Dividend distribution

Dividend distribution to the Scheme's unitholders and appropriation to reserve is recognised in the financial statements as a liability in the period in which these dividend are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

5 INVESTMENT

	Note	2024	2023
		-----Rupees-----	
Carrying amount- opening balance	5.1	1,717,960,000	-
Addition to investment property		133,090,080	1,717,960,000
		1,851,050,080	1,717,960,000
Unrealized gain on remeasurement of fair value of investment property	5.2	199,944,920	
Carrying amount at the end of the year		2,050,995,000	1,717,960,000

- 5.1 a) It is a 360 square yards commercial plot having basement with a gross covered area 2,874 square feet, showroom with lift and services area on the ground floor having gross covered area of 3,010 square feet, offices on 1st, 2nd, 3rd, 4th, 5th & 6th floor having a gross covered area of 2,840 square feet each, on Plot No A/33, Survey No C.C 8 A, Survey sheet no 35-P/1, "Karachi Co Operative Housing Society to Union Limited, Karachi.

b) It is a 500 square yards commercial plot having two basements consisting of parking, service area and water tank with a gross covered area of 4,207 square feet each, Ground floor consisting of retail space and service area having a gross covered area of 4,500 square feet, mezzanine floor consisting of storage and service area having a gross covered area of 800 square feet and first floor consisting of retail space and service area having a gross covered area of 4,500 square feet, on Plot No. 24-A/19, Delh Mercantile Muslim Cooperative Housing Society, Block 7/8, Tipu Sultan Road, Karachi.

5.2 The investment property has been valued by Sadruddin Associates (Private) Limited (the Valuer) as at 30 June 2024, who are independent valuers. The Valuer is enlisted with Pakistan Bank's Association and Pakistan Engineering Council and have recent experience in the location and category of the property being valued.

Note 2024 2023
-----Rupees-----

6 OTHER RECEIVABLES AND DEPOSITS

Advance tax		19,158	-
Security deposit	6.1	10,000	-
		<u>29,158</u>	<u>-</u>

6.1 This amount represents security deposit pay to Central Depository Company Pakistan Limited due to issuance of new shares

7 RECEIVABLE

Rent receivable from related party		19,503,520	-
		<u>19,503,520</u>	<u>-</u>
Less: impairment	7.1	-	-
		<u>19,503,520</u>	<u>-</u>

7.1 The ageing of the total receivables as at the reporting date is as under:

2024					
Weighted average loss rate %	Gross receivable	Security Deposit	Net exposure	Impairment	Net receivable
Not past due	0%	-	-	-	-
Past due 1 - 90 days	0%	7,507,360	2,500,000	-	5,007,360
Past due 91 - 180 days	0%	11,996,160	-	-	11,996,160
Past due over 180 days	0%	-	-	-	-
		<u>19,503,520</u>	<u>2,500,000</u>	<u>17,003,520</u>	<u>17,003,520</u>

2023					
Weighted average loss rate %	Gross receivable	Security Deposit	Net exposure	Impairment	Net receivable
Not past due	0%	-	-	-	-
Past due 1 - 90 days	0%	-	-	-	-
Past due 91 - 180 days	0%	-	-	-	-
Past due over 180 days	0%	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7.2 Impairment loss has not been recognised against these receivables as these are related parties against which there is no history of default.

7.3 The maximum aggregate amount due from the related parties at the end of any month during the year are as follows:

Note 2024 2023
-----Rupees-----

Image Pakistan Limited	6,699,360	-
Image Tech Limited	11,996,160	-
First Tri-Star Modaraba	808,000	-
	<u>19,503,520</u>	<u>-</u>

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8 BANK BALANCE

Cash at bank - current account
Cash at bank - savings account

		7,881	10,000
8.1		<u>11,152,491</u>	-
		<u>11,160,372</u>	<u>10,000</u>

8.1 This represents deposit held in rupee savings account (SA) with Meezan Bank Limited carrying expected profit rates ranging from 10.00% to 11.01% (2023: 8.5% to 10.00%) per annum.

9 ISSUED, SUBSCRIBED AND PAID-UP UNITS

Ordinary units of Rs.10 each fully paid for consideration other than cash (against property) 183,843,033 (2023: 177,960,000)

	<u>1,838,430,330</u>	<u>1,717,960,000</u>
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9.1 Pattern of unit holding

Name of unit holder

2024		2023	
Percentage	Units Held	Percentage	Units Held
76.8%	141,243,033	75.2%	129,196,000
23.2%	42,600,000	24.8%	42,600,000
<u>100.0%</u>	<u>183,843,033</u>	<u>100.0%</u>	<u>171,796,000</u>

Mr. Asad Ahmad
First Tri Star Modaraba

9.2 These fully paid ordinary units carry one vote per unit and equal right to dividend.

10 CAPITAL RESERVE

10.1 Fair value reserve

The fair value reserve pertains to cumulative net changes in fair value of investment property which is not free for distribution by way of dividend.

11 PAYABLE TO REIT MANAGEMENT COMPANY - Related party

Payable to REIT Management Company - related party

11.1 & 11.2

2024 2023
-----Rupees-----

<u>3,105,555</u>	10,000
<u>3,105,555</u>	<u>10,000</u>

11.1 Under the provisions of Real Estate Investment Trust Regulations, 2022 (previously REIT Regulations, 2015), RMC is entitled to a management fee as stated in the Offering Document, Business Plan and Information Memorandum. The management company has not charged management fees for the year to the Scheme.

11.2 This includes expenses incurred on behalf of Scheme by RMC.

12 SECURITY DEPOSIT

Security Deposit

12.1

<u>2,500,000</u>	-
<u>2,500,000</u>	<u>-</u>

12.1 This represents amounts received from tenants of the investment property as security deposit as on 30 June 2024 amounting to Rs. 2.5 million (2023: NIL) under tenancy agreements.

13 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on 30 June 2024 and 30 June 2023.

14 REVENUE

Rental income

Note For the year ended June 30, 2024 For the period from March 07, 2023 to June 30, 2023

-----Rupees-----

<u>41,340,320</u>	-
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15 ADMINISTRATIVE EXPENSES

Fees & Subscription		555,517	
Insurance		353,450	
Audit fees		287,684	250,000
SECP annual Monitoring fees	15.1 15.2	2,667,293	
Professional fees		2,732,262	
Electric expenses		2,776	
Bank charges		2,119	
Postage		200	
		<u>6,601,301</u>	<u>250,000</u>

15.1 Audit Fees

Audit Fee	243,800	212,000
Out of pocket	24,380	16,960
Sales tax	19,504	21,040
	<u>287,684</u>	<u>250,000</u>

15.2 Under the provision of Real Estate Investment Trust Regulations, 2022, the Scheme is required to pay an annual fee to SECP equal to 0.15% of annual average REIT Fund.

16 Under the provision of Real Estate Investment Trust Regulations, 2022, the Trustee is entitled to an annual fee for services rendered, payable on quarterly basis in arrears. Accordingly, the Trustee has charged an annual fee to the Scheme.

17 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. Accordingly, no tax provision has been made in these financial statements for the year ended 30 June 2024.

18 EARNINGS PER UNIT - BASIC AND DILUTED

Profit / (Loss) for the year / period (Rupees)	234,584,188	(250,000)
Weighted average number of ordinary units (Numbers)	183,843,033	171,796,000
Profit / (Loss) per unit- basic and diluted (Rupees)	1.276	(0.001)

18.1 There is no impact of dilution on profit / (loss) per unit as the Scheme did not have any convertible instruments in issue as at 30 June 2024 which would have had any effect on the profit / loss per unit if the option to convert had been exercised.

19 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties include Sinolink REIT Management Co., Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee to the Scheme, Image Pakistan Limited being an associated company, Image Tech being an associated company, First Tri-star being an associated company, directors and key executives of the RMC, trustee and promoter of RMC including their close relatives. Transactions with related parties are in the normal course of business, at agreed terms. There are no related parties incorporated outside Pakistan with whom the Scheme had entered into transactions during the year.

Transactions during the year.						
Name	Relationship	Nature of Transaction	Transactions		Balances	
			2024	2023	2024	2023
-----Rupees-----						
Image Pakistan Limited	Director	Rental income	11,996,160	-	-	-
Image tech	Director	Rent received	5,296,800	-	6,699,360	-
First Tri-star Modarba	Director	Rental income	11,996,160	-	-	-
		Rent received	-	-	11,996,160	-
SinoLink management company	REIT management company	Rental income	4,848,000	-	-	-
		Rent received	4,040,000	-	808,000	-
		Expenses incurred on behalf of scheme	1,138,327	10,000	-	-
		Reimbursement of expenses on behalf of Scheme	752,634	-	-	-
		Management Fee	-	-	385,693	10,000
Central Depository Company of Pakistan Limited	Trustee	Trustee Fee	226,000	-	-	-
					19,889,213	10,000

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20 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Scheme's activities are exposed to a variety of financial risks namely credit risk, liquidity risk, and market risk. The Scheme manage these risk 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, 2022 and directives of the SECP. The Board of Directors of RMC supervises the overall risk management approach within the Scheme.

20.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Scheme attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties that arises principally from the Scheme's deposits with banks.

Exposure to credit risk

The carrying amount of the financial assets represents maximum exposure to credit risk as at 30 June:

Financial Assets

Receivables
Bank balances

2024 2023
-----Rupees-----

19,503,520
11,160,372 10,000

The Scheme has placed its funds (i.e. bank balances) with banks having sound credit ratings. The credit quality of Scheme's major balances can be assessed with reference of external credit ratings which is as follows:

Bank	2024				% of total balance
	Rating Agency	Short term rating	Long term rating	Rupees	
Dubai Islamic Bank	VIS	A-1+	AA	7,881	0%
Meezan Bank Limited	VIS	A-1+	AAA	11,152,491	100%
				11,160,372	100%

Bank	2023				% of total balance
	Rating Agency	Short term rating	Long term rating	Rupees	
Dubai Islamic Bank	VIS	A-1+	AA	10,000	100%
				10,000	100%

20.2 Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Scheme's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Scheme's reputation.

Financial Liabilities

Payable to REIT Management Company- related party

2024			
Carrying amount	Contractual cash flows	Up to one year	More than one year
3,105,555	3,105,555	3,105,555	-
3,105,555	3,105,555	3,105,555	-

Financial Liabilities

Payable to REIT Management Company- related party

2023			
Carrying amount	Contractual cash flows	Up to one year	More than one year
10,000	10,000	10,000	-
10,000	10,000	10,000	-

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20.3 Market risk

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

20.3. Foreign currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates. It arises where receivables and payable exist due to transactions in foreign currency. The Scheme is not exposed to currency risk as of reporting date. There are no foreign currency denominated financial instruments held by the Scheme.

20.3. Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The scheme has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

20.3. Other price risk

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Scheme is not exposed to other price risk.

21 CAPITAL RISK MANAGEMENT

Management's objective when managing unit holder's funds is to safeguard the Schemes ability to continue as a going concern so that it can continue to provide optimum returns based on income earned and realized gains as per trust deed to its unit holders and to ensure reasonable safety of unit holder's funds. The Scheme is not exposed to externally imposed minimum unit holder's maintenance requirement.

The Scheme manages its investment property and other assets by monitoring return on net assets and makes adjustment to it in the light of changes in market conditions. The Scheme also manages its capital using a gearing ratio. The gearing ratio of the Scheme is as follows:

	2024	2023
	-----Rupees-----	
Debt		
Total unit holders' fund		
Total capital	<u>1,838,430,330</u>	<u>1,717,960,000</u>
	<u>1,838,430,330</u>	<u>1,717,960,000</u>

The exposure of credit risk and ECL relating to receivables and impairment loss on receivables have been disclosed in Note 3.4.4 to these financials.

22 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material. Figures presented for the year are not comparable with the corresponding period.

23 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 13 SEP 2024 by the Board of Directors of the REIT Management Company.

24 GENERAL

Figures have been rounded off to nearest rupee.

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For Sinolink REIT Management Co., Limited
(REIT Management Company)

Muhammad Ahmed
CHIEF EXECUTIVE

Aseel Almad
DIRECTOR