

DOLMEN CITY REIT

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating	Previous Rating
REIT RATING	AAA (rr)	AAA (rr)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	January 30, 2026	December 2, 2024

Company Information

REIT Name: Dolmen City REIT	Shariah Advisor: Alhamd Shariah Advisor Services (Private) Limited
RMC: Arif Habib Dolmen REIT Management Limited	Scheme: Perpetual, listed closed end Rental REIT
Chairman of the Board: Mr. Arif Habib	Listing: Pakistan Stock Exchange (PSX)
Chief Executive Officer: Mr. Muhammad Ejaz	Valuer: MYK Associates (Private) Limited
Property Manager: Dolmen Real Estate Management (Pvt.) Ltd	Auditor: KPMG Taseer Hadi & Co. Chartered Accountants.
Trustee: Central Depository Company of Pakistan Limited (CDC)	

Applicable Rating Methodology

Real Estate Investment Trust (REIT) Fund Rating

<https://docs.vis.com.pk/Methodologies-2025/REIT-Methodolgy-ESG-V1-Jan-2025.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

Dolmen City REIT's ('DCR' or the 'Scheme') rating reflects its strong business profile, supported by a high-quality commercial asset base, stable occupancy, and a conservative financial structure with negligible leverage. The Scheme continues to benefit from its established market position in Karachi's prime commercial district and sustained demand from multinational and local tenants, underpinning resilient rental cash flows. Operational performance remains sound, with high tenant retention, a diversified tenant mix, and a lease maturity profile that supports visibility of income streams. Management practices, governance structures, and oversight mechanisms remain aligned with regulatory requirements, reinforced by experienced sponsor from the Dolmen Group.

Financial performance is stable, supported by consistent growth in rental income and expansion in Net Asset Value, despite higher operating expenses and moderated fair-value gains. Liquidity remains strong, with healthy banking balances. The rating also incorporates the quality of property management, regular valuation practices, and the REIT's adherence to Shariah guidelines. Going forward, maintaining financial and operational stability will remain important from the ratings perspective.

Company Profile

Dolmen City REIT ('DCR' or the 'Scheme') is a perpetual, listed, closed-end, Shariah-compliant rental REIT scheme launched by Arif Habib Dolmen REIT Management Limited (AHDRML). The REIT property, located in the Clifton area of Karachi, comprises Harbour Front (office space), Dolmen Mall (retail mall), and an associated parking facility. It has been commercially active for several years, with both local and international brands and corporations as tenants. All activities undertaken by the Scheme, including deposits, bank placements, and rental and marketing income, align with Shariah principles. The Scheme's primary activity is to generate rental income through its investment property and distribute this income to unitholders in the form of dividends.

Sponsor Profile

DCR is part of the Dolmen Group (Dolmen (Pvt.) Limited and Al-Feroz (Pvt.) Limited). Dolmen Group was founded in the year 1984, with its integrated activities spanning across the high-profile spectrum of Pakistan's Real Estate. It owns the largest portfolio of shopping malls across the Country.

Management and Governance

BOARD PROFILE

Mr. Arif Habib is the Chairman of Arif Habib Group and Chief Executive of Arif Habib Corporation Limited, the holding company of Arif Habib Group. He is also the Chairman of Fatima Fertilizer Company Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (the owner of Naya Nazimabad) and Sachal Energy Development (Pvt.) Limited and Arif Habib Dolmen REIT Management Limited.

Mr. Muhammad Ejaz is the founding Chief Executive of Arif Habib Dolmen REIT Management Limited, Pakistan's pioneering REIT Management Company. He has been associated with Arif Habib Group since August 2008 and sits on the board of several group companies. Ejaz did his graduation in Computer Science from FAST, ICS and did MBA in Banking and Finance from IBA, Karachi, where he has also served as a visiting faculty member.

BOARD & SENIOR MANAGEMENT

The Board of Directors comprises nine members, including eight male and one female director, reflecting gender diversity in line with SECP's listed company requirements. The composition of the Board includes three independent directors, four non-executive directors, two executive director (including the CEO), and one independent female director, thereby ensuring a balanced mix of executive and non-executive representation. During the year, nine Board meetings were held, with satisfactory attendance from members and no casual vacancy occurred.

The Audit Committee, consists of four members two independent and two non-executive directors with an independent director serving as Chairman, ensuring compliance with governance standards. The committee held eight meetings during the year, with good attendance. The Board also conducts an annual evaluation of the performance of the Board and its committees, including the Audit Committee.

The Human Resource & Remuneration Committee (HR&RC) is duly formed, chaired by an independent director, comprising two non-executive directors, and CEO. One meeting of the HR&RC was held during the year.

SHARIAH COMPLIANCE

Al Hamd Shariah Advisory Services is the Shariah Advisor of DCR. The Shariah Advisor review confirms that all investment activities and matters pertaining to the rentals of DCR have been consistently conducted accordance with the rules and principles of Shariah. Consequently, it affirmed that the income generated for the unit holders of DCR is both halal and Shariah Compliant.

AUDIT OPINION

KPMG Taseer Hadi & Co. Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of FY25.

Business Risk

INDUSTRY UPDATE

Pakistan's commercial rental property market remains challenging but gradually stabilizing, shaped by macroeconomic conditions, evolving business needs, and shifting demand patterns. High inflation, elevated interest rates, and subdued economic activity over the past two years

have constrained new investment and limited expansion by corporates, keeping overall demand muted, particularly for high-end office spaces. As a result, rental growth has remained under pressure in most major cities, with landlords offering flexible lease terms and incentives to retain tenants. However, prime locations in Karachi, Lahore, and Islamabad continue to demonstrate relative resilience, supported by demand from multinational companies, IT/technology firms, financial institutions, and organized retail. The rise of hybrid working models has reduced demand for large traditional office spaces, while smaller, flexible offices and mixed-use developments have gained traction. Going forward, recovery in the commercial rental market is expected to be gradual and uneven, contingent on macroeconomic stabilization, easing of interest rates, and improvement in business confidence, with prime assets likely to outperform secondary properties.

OPERATIONAL PERFORMANCE

Since its inception in 2015, DCR has demonstrated a consistently strong operational profile, underpinned by high occupancy levels and stable tenant demand across its portfolio. In FY25, overall occupancy improved to 98.5% from 97.5% in FY24. The Mall recorded a high occupancy of 97.8% (FY24: 97.6%), while Harbour Front achieved full occupancy at 100.0% (FY24: 97.2%). During FY25, the REIT inducted several new brands, including Kiko Milano, Angheeti, Break Out, and The Closet (PUMA), replacing outgoing tenants such as Lama Retail (Pvt) Ltd. and Sowears Retail Trading.

Lease maturity profiles remain comfortable, with weighted average lease expiry as of June 2025, stood at approximately 2.44 years for Dolmen Mall Clifton and 4.28 years for Harbour Front, resulting in a blended WALE of 3.36 years for the REIT. Operational performance was further supported by sustained footfall growth, driven by targeted marketing and branding initiatives. Average monthly footfall at Dolmen Mall Clifton increased to 747,797 visitors in FY25 from 722,666 visitors in FY24.

Financial Risk

FINANCIAL PERFORMANCE

By end-Jun'25, DCR's Net Asset Value (NAV) increased by over PKR 3,000.0mn to PKR 76,511.1mn (Jun'24: PKR 73,189.0mn), supported by revenue growth of approximately 13.9% during FY25. However, administrative and operating expenses rose to PKR 1,147.2mn (FY24: PKR 989.8mn), primarily due to higher property management fees and renovation expenses. Consequently, coupled with a lower unrealized gain on fair value remeasurement of investment property, net income remained largely stable at PKR 7,991.9mn (FY24: PKR 8,140.1mn). As of Jun'25, the Scheme was valued at PKR 74,755.7mn (Jun'24: PKR 71,671.9mn) under the income capitalization approach, based on projected Net Operating Income (NOI) from existing lease arrangements and expected rentals from vacant space. The Scheme's cash flow profile remains strong, underpinned by stable rental income, which supports ongoing operating requirements, maintenance, and related property-level expenses. Capital structure remains unleveraged, as the Scheme carries no debt on its balance sheet, thereby eliminating refinancing and interest rate risks. Liquidity metrics also remain sound, providing adequate financial flexibility to meet ongoing operational and contingency requirements.

Financial Summary	(PKR Mn)				
Balance Sheet	FY22A	FY23A	FY24A	FY25A	3MFY26M
Non-Current Assets – Investment Property	62,821.19	68,046.86	71,671.88	74,755.71	74,755.71
Bank Balances	950.21	1,131.45	1,790.62	2,344.42	2,286.14
Total Assets	64,819.39	70,295.22	74,054.97	77,460.87	77,489.15
Non-Current Liabilities	-	-	-	-	-
Accrued Expenses and other liabilities	285.04	247.05	261.79	320.79	345.08
Total Current Liabilities	790.09	798.87	865.97	949.73	993.71
Total Liabilities	790.09	798.87	865.97	949.73	993.71
Paid up Capital	22,237.00	22,237.00	22,237.00	22,237.00	22,237.00
Net Equity (Total Unit Holder's Fund)	64,029.29	69,496.35	73,189.00	76,511.14	76,495.44
Net Asset Value per unit	28.79	31.25	32.91	34.41	34.40
Income Statement (PKR Millions)	FY22A	FY23A	FY24A	FY25A	3MFY26M
Rental Income	3,573.66	4,318.76	4,854.66	5,780.498	1,532.66
Total Income (including other income)	3,921.97	4,821.49	5,497.55	6,086.17	1,613.54
Net Operating Profit	3,278.83	3,979.19	4,348.05	4,893.45	1,392.22
Profit before change in fair value of investment	3,275.90	4,066.15	4,515.03	4,908.08	1,385.23
Profit Before Tax	9,762.89	9,291.82	8,140.06	7,991.91	1,385.23
Profit After Tax	9,762.89	9,291.82	8,140.06	7,991.91	1,385.23
Ratio Analysis	FY22A	FY23A	FY24A	FY25A	3MFY26M
Operating Profit Margin (%)	91.75%	92.14%	89.56%	84.66%	90.84%
Gearing (x)	-	-	-	-	-
Current Ratio (x)	2.53	2.81	2.75	2.85	2.75
*Annualized, if required					
A - Actual Accounts					
P - Projected Accounts					
M - Management Accounts					

REGULATORY DISCLOSURES

Appendix I

Name of Rated Entity	Dolmen City REIT			
Sector	Rental REIT Fund			
Type of Relationship	Solicited			
Purpose of Rating	Fund Ratings			
Rating History	Rating Date	REIT Rating	Rating Outlook	Rating Action
	RATING TYPE: ENTITY			
	30-Jan-26	AAA (rr)	Stable	Reaffirmed
	02-Dec-24	AAA (rr)	Stable	Reaffirmed
	29-Nov-23	AAA (rr)	Stable	Reaffirmed
	25-Oct-22	AAA (rr)	Stable	Reaffirmed
	22-Sep-21	AAA (rr)		Reaffirmed
	04-Sep-20	AAA (rr)		Reaffirmed
	18-Oct-19	AAA (rr)		Harmonized
	17-Sep-18	RR1		Reaffirmed
	24-July-17	RR1		Reaffirmed
	25-July-16	RR1		Reaffirmed
	26-May-15	RR1		Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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Due Diligence Meeting Conducted	Name	Designation	Date	
	Mr. Muhammad Ejaz	CEO	13 th January, 2026	
	Mr. Razi Haider	CFO		