VIS
Credit Rating Company Limited

RATING REPORT

ARIF HABIB DOLMEN REIT MANAGEMENT LIMITED

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RATING DETAILS		
RATINGS CATEGORY	Latest Rating MQR	Previous Rating MQR
REIT RATING	AM2++ (RMC)	AM2+ (RMC)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Upgrade	Reaffirmed
RATING DATE	March 02, 2026	January 10, 2025

Company Information

Incorporated in 2009	**External Auditors:** Yousuf Adil Chartered Accountants
Unquoted Public Company	Chairman of the Board: Mr. Arif Habib
Key Shareholders (10% or more):	**CEO:** Mr. Muhammad Ejaz
Arif Habib Group – 55%	
Dolmen Group – 45%	

Applicable Rating Methodology

REIT Management Rating
https://docs.vis.com.pk/Methodologies-2025/REIT-MC-Jan-2025.pdf

Rating Scale

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

Rating Rationale

The rating reflects Arif Habib Dolmen REIT Management Limited's ('AHDRML' or the 'RMC') established position in Pakistan's evolving REIT sector, supported by experienced sponsors and a growing portfolio of managed schemes. The Company benefits from affiliation with two established business groups with demonstrated expertise in financial services and real estate development, providing strategic oversight and operational support.

Governance structures are considered adequate, with defined board oversight, independent representation, and formalized committee frameworks. Internal control and risk management practices are supported by documented policies, outsourced internal audit, and regulatory compliance mechanisms.

The managed REIT portfolio is well diversified across rental and developmental assets, spanning multiple stages of execution. Steady progress in project launches, asset transfers, and tenant onboarding has supported a gradual strengthening of recurring management income. Moreover, improving visibility on additional fee streams from schemes nearing operational status is expected to further enhance revenue stability over the medium term. Consistently high occupancy levels, transparent SECP-regulated structures, regular dividend payouts, and a broad pipeline of REIT schemes collectively reinforce the company's competitive positioning. Financial performance has shown improvement, with recovery in profitability and moderation in earnings volatility. Moreover, projected growth in managed assets and associated income is expected to provide incremental support to profitability profile.

Company Profile

Arif Habib Dolmen REIT Management Limited ('AHDRML' or the 'RMC') is a joint venture between the Arif Habib and Dolmen Groups. The RMC's primary business is to launch Real Estate Investment Trust (REIT) Schemes and provide REIT management services as per the Real Estate Investment Trust Regulations, 2022. After successfully launching its inaugural REIT scheme, Dolmen City REIT, in 2015, the RMC introduced Globe Residency REIT in 2022, marking its continued engagement in the REIT sector. Since then, AHDRML has further expanded its portfolio to oversee a total of 16 REIT schemes, of which 13 are registered with SECP, while trust deeds for 3 have been formed and are in process of registration with SECP.

Arif Habib Group is a leading industrial and financial conglomerate in Pakistan. The Group holds interests in the securities brokerage, investment and financial advisory, private equity, investment management, fertilizer manufacturing, cement, steel, real estate, energy and textile mills.

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.

Ownership, Management & Governance

CHAIRMAN/CEO PROFILE

Mr. Arif Habib serves as the Chairman of AHDRML and as the Chief Executive Officer of Arif Habib Corporation Limited, the holding entity of the Arif Habib Group. Additionally, he holds the position of Chairman at Fatima Fertilizer Company Limited, Pakarab Fertilizers Limited, Aisha Steel Mills Limited, Javedan Corporation Limited (owner of Naya Nazimabad), and Sachal Energy Development (Pvt.) Limited, among other companies.

Mr. Muhammad Ejaz serves as the CEO of AHDRML. He brings over 24 years of experience in financial services and general management. A certified director, he serves on the boards of several Arif Habib Group companies. His career includes senior roles at prominent local and international banks, and he is a certified Financial Risk Manager (FRM). He also holds an MBA from the Institute of Business Administration (IBA), Karachi.

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 directors (including the CEO), thereby ensuring a balanced mix of executive and non-executive representation. There has been a change reported in the composition of Board with Ms. Aaiza Khan replacing Ms. Tayyaba Rasheed as an Independent Director on Board & as Chairperson on Human Resources & Remuneration Committee. During the year, nine Board meetings were held, with satisfactory attendance from members and no casual vacancy occurred.

The Audit Committee (AC), 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 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. The Terms of Reference of the aforementioned committees are clearly defined and documented. The Board also conducts an annual evaluation of the performance of the Board and its committees.

The majority of the executive management team possesses varying levels of real estate industry expertise, demonstrating an understanding of the RMC's role in property management and the dynamics of the local property market. The Property Advisor oversees the operations and maintenance of each property under REIT management. The Board has outsourced the internal audit function to M/s Junaidy Shoaib Asad & Co. Chartered Accountants.

AUDIT OPINION

Yousuf Adil Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, h
provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and acc
portray the Company's financial position as of FY25.

Business Risk

INDUSTRY UPDATE

As of Sep'25, there are 34 licensed and notified REIT Management Companies in Pakistan with PKR 15.1bn of total assets, contributing 0.2% to the NBFI Industry. As of Sep'25, there are 18 registered REIT schemes with PKR 208.7bn of total assets. Out of the 18 registered REIT schemes, 15 are development, 2 are rental and 1 is hybrid.

Looking ahead through the remainder of FY25 and into early FY26, the REIT sector's outlook is increasingly positive. The pivot toward a lower interest rate environment is the primary catalyst, as it reduces construction financing costs and makes the dividend yields of Rental REITs more attractive compared to traditional fixed-income savings. Regulatory momentum is also at a peak; the SECP's January 2026 revamp of the REIT Regulations has streamlined registration procedures and introduced clearer timelines for the transfer of real estate and SPV shares. These reforms are specifically designed to promote the "early listing" of schemes on the Pakistan Stock Exchange, transforming REITs into a more liquid and visible asset class for retail investors. With stabilizing inflation and a projected GDP recovery, the sector is well-positioned to move from a phase of cautious planning into active execution and public launches.

Internal Controls & Investment Process

The investment policy of AHDRML provides an effective framework for managing funds in compliance with REIT regulations. The philosophy of the AHDRML Investment Policy is to ensure that funds are invested wisely with due fiduciary care, focusing on prudence, liquidity, and transparency to secure funds while earning risk-adjusted returns. Investment principles prioritize liquidity, asset class exposure, credit quality, and diversification. It specifies permissible assets, including A+ rated cash equivalents, government securities, and mutual funds, while prohibiting high-risk investments such as derivatives, futures, and venture capital.

Moreover, a comprehensive Risk Management Policy (RMP) is in place, addressing operational risk, credit risk, financial risk, reporting, and compliance/regulations. The Board monitors risk-related aspects through quarterly reporting, circulation of meeting minutes, and the employment of qualified personnel. Risk management is overseen by the Head of Compliance and Internal Audit, with M/s Junaidy Shoaib Asad & Co. Chartered Accountants outsourced to handle the designated team.

AHDRML has a well-established research infrastructure in place. The RMC utilizes resources that gather research from both formal and informal sources to assess potential opportunities. Additionally, the team possesses significant experience in the real estate sector and benefits from their past experience The RMC follows a defined process for evaluating property investments for inclusion in REIT schemes, in alignment with the strategic investment policy.

Assets under Management & Fund Performance

Assets under management have expanded steadily over time, with AHDRML now overseeing a diversified portfolio of 13 REIT schemes, including two listed REITs. The total fund size is approximately PKR 98bn. Eight REITs are currently operational, while management expects the remaining schemes to commence operations in FY26, which should further enhance fee income, portfolio breadth, and overall market presence.

REIT Scheme	Type	Life	Fund Size (PKR bn)	SECP Registration
Dolmen City REIT	Rental	Perpetual	22.2	29-May-15
Silk Islamic Development REIT	Development	8 Years	3.0	30-Jun-21
Silk World Islamic REIT	Development	4 Years	6.2	27-Sep-21
Pakistan Corporate CBD REIT	Development	4 – 5 Years	15.0	22-Dec-21
Sapphire Bay Islamic Development REIT	Development	8 – 10 Years	25.0	12-Jan-22
Globe Residency REIT	Development	5 Years	2.8	13-Jan-22
Rahat Residency REIT	Development	5 Years	1.0	03-Aug-22
Naya Nazimabad Apartments REIT	Development	7 Years	2.9	03-Aug-22
DHA Dolmen Lahore REIT	Rental	Perpetual	15.5	03-Aug-22
Signature REIT Residency	Development	4 Years	0.3	14-Jun-23
Gymkhana Apartment REIT	Development	7 years	1.2	27-Dec-23

Garden View Apartment REIT (Formerly Park View Apartment REIT)	Development	4 – 5 Years	2.2	09-Apr-24
Hill View Apartment REIT (Formerly Meezan Center REIT)	Development	4 – 5 Years	1.3	13-Jun-24

Dolmen City REIT (DCR)

Dolmen City REIT (DCR) is Pakistan's flagship listed, Shariah-compliant rental REIT, owning prime assets in Karachi—most notably Dolmen Mall Clifton and The Harbour Front offices—with consistently high occupancy (around 98%). Since its listing in 2015, DCR has built a strong track record, delivering an estimated ~390% cumulative total return (capital appreciation plus dividends), translating into roughly 22% annualized returns, supported by stable rental cash flows and regular dividend distributions.

Globe Residency REIT (GRR)

Globe Residency REIT is Pakistan's first listed developmental Real Estate Investment Trust, launched in December 2022. It's a closed-ended REIT focused on constructing the Globe Residency Apartments project, 1639 residential units across nine towers in Naya Nazimabad, Karachi with a limited life of about five years. As of year-end, 78.04% of the available inventory (860 apartments out of 1,102) had been sold, with proceeds being prudently utilized to advance the construction process. GRR has delivered strong early returns, including a ~215% total return with ~35% annualized yield since inception.

Rahat Residency REIT (RRR)

Closed end REIT, comprises of five commercial sites located in Naya Nazimabad, with projects on two sites already been launched. During FY25, RRR recorded a revenue of PKR 284.4mn. Rahat I project features both commercial and residential units, with more than 75% of the total inventory already sold. All commercial shops in Rahat I have been sold, with possession of 12 out of 18 shops handed over. Additionally, 50% of the residential apartments have been sold. As of year-end, 58% of the overall inventory had been booked in Rahat II, with 94% of commercial shops and 40% of residential apartments already sold. During the year, additional financing of PKR 100mn was secured to support working capital requirements.

Signature Residency REIT (SRR)

SRR comprises two commercial sites: Signature Tower and Com 109/1. As of the reporting date, 81% of the total available inventory of Signature Tower had been sold, with construction progressing in accordance with the approved schedule. A key highlight during the year was the sale of the retail space within Signature Tower to Bank Alfalah, where the Bank is establishing its premium digital lifestyle branch. Com 109/1 was divested during the year to Mr. Jamil Shafi and Mr. Tahir Shafi. These transactions contributed to SRR's revenue of PKR 947.7mn for FY25.

Naya Nazimabad Apartment REIT (NNAR)

NNAR comprises seven commercial sites, with 146 residential plots, 70 commercial plots, and 76 retail shops acquired in Lahore during the year as part of its expansion strategy. As of the year-end, sales progress in Peace Apartmments Project included 393 out of 638 apartments sold and 126 out of 222 shops booked. Additionally, 376 new apartments were added to the inventory during the year, of which 14 have been sold to date. Furthermore, 152 new shops were added to the available inventory.

Silk Islamic Development REIT (SIDR)

The Sales Center and Model Apartments for the Silk Gardens project have been completed, along with the access road from Abdullah Chowk to the project site, ensuring direct connectivity and future expansion potential. The project is now nearing completion, with extensive plantation work successfully executed along the stretch from the site to Abdullah Chowk and extending further up to 4K Chowrangi. In addition, a plantation drive continues along the median, reinforcing the focus on vicinity development. With key development milestones achieved, the project is well-positioned for a public launch targeted in the second quarter of FY26.

The change in development strategy (from COM-1 to COM-08), with new site presenting a more manageable scale, comprising 452 apartments and approximately 134,788 square feet of retail space, compared to COM-1's larger development of 928 apartments and 275,876 square feet of retail area.

Sapphire Bay Islamic Development REIT (SBIDR)

The acquisition of 2,000 acres of land has been completed, with final payments scheduled to be settled by 2026. Possession of a portion of the land has already been transferred. Meanwhile, the master planning of the project is currently in progress.

Pakistan Corporate CBD REIT (PCCR)

In June 2024, Pakistan Corporate CBD REIT (PCCR) completed the acquisition of 23 kanals of land (Prime 4 and Prime 5), with the full consideration duly paid to the Punjab Central Business District Development Authority. The Company also acquired an additional 5.19 kanals from the Authority, for which two installments have already been paid. The balance is scheduled to be settled through three semi-annual installments.

Financial Analysis

The RMC's operating performance strengthened materially in FY25, with operating revenue increasing by 48.0% YoY to PKR 438.9mn (FY24: PKR 296.6mn), driven by management fee income from operational REITs, including Dolmen City REIT, Sapphire Bay Islamic Development REIT, and Pakistan Corporate CBD REIT. Fee income remained absent from several schemes that are yet to achieve operational or commercial activity, highlighting the dependence of revenue generation on the timely execution of REIT projects. Cost efficiency moderated slightly, with the efficiency ratio deteriorating to 50.5% (FY24: 49.5%) as operating expenses outpaced growth in recurring income.

Despite margin pressures, profitability improved significantly, with the RMC reporting a PAT of PKR 67.7mn compared to a net loss of PKR 67.9mn in FY24. The turnaround was supported by higher operating revenue, a sizable reduction in unrealized losses on REIT investments routed through the P&L, improved other income, and lower finance costs following monetary easing. Performance momentum continued into 1QFY26, with operating revenue rising to PKR 115.2mn (1QFY25: PKR 96.1mn). However, elevated inflationary pressures led to a sharp increase in administrative expenses, further weakening the efficiency ratio to 55.0%. Nevertheless, net profit improved to PKR 27.6mn, reflecting resilience at the bottom line.

Cash flow coverage metrics showed gradual improvement, with DSCR increasing to 0.87x in FY25 (FY24: 0.60x), primarily driven by higher funds from operations. Coverage is expected to strengthen further over the medium term (FY26–FY27), underpinned by anticipated cash inflows from REITs currently in the pipeline. The management fee structure—3% for Rental REITs and 1% for Developmental REITs—provides a scalable and recurring revenue base, translating into an estimated PKR 1.7bn in management fee income from 13 managed REITs, with further upside as additional schemes become operational.

Liquidity indicators improved modestly, with the current ratio increasing to 0.91x (FY24: 0.84x), supported by higher receivables from schemes and improved cash balances. However, near-term liquidity remains constrained in light of upcoming debt maturities. Capitalization strengthened during the review period, with equity increasing to PKR 520.8mn by end-Jun'25 and further to PKR 548.5mn by Sep'25, driven by profit retention. Consequently, gearing improved to 0.79x, reflecting a more balanced capital structure. Going forward, the ratings will remain sensitive to the pace of operationalization of REITs in the pipeline, sustainability of management fee income, prudent liquidity management, and continued sponsor support.

Financial Summary					(PKR Mn)
Balance Sheet	FY22A	FY23A	FY24A	FY25A	3MFY26M
Right of use assets	1.21	-	-	-	-
Total non-current Assets	611.70	954.88	808.16	913.55	919.38
Current Assets	415.48	491.83	518.88	573.74	597.75
Long-term borrowings (including current maturity)	400.00	399.99	341.88	433.29	433.29
Non-current Liabilities	400.45	432.56	259.76	334.65	311.48
Current Liabilities	360.98	493.12	614.11	631.80	657.16
Paid Up Capital	200.00	200.00	200.00	200.00	200.00
Net Equity	265.75	521.02	453.17	520.85	548.49
Income Statement	FY22A	FY23A	FY24A	FY25A	3MFY26M
Revenue	189.60	245.91	296.56	438.91	115.16
Administrative Expenses	97.85	128.96	136.25	195.99	54.54
Unrealized remeasurement gain/(loss)	-	341.40	(159.00)	(59.40)	-
Finance Costs	(45.45)	(71.62)	(92.37)	(68.56)	(14.67)
Profit Before Tax	64.70	385.45	(95.65)	101.59	37.63
Profit After Tax	41.32	275.28	(67.85)	67.67	27.64
Ratio Analysis	FY22A	FY23A	FY24A	FY25A	3MFY26M
Efficiency Ratio (%)	52.2%	57.9%	49.5%	50.5%	55.0%
Gearing (%)	1.51	0.77	0.75	0.83	0.79
Current Ratio (x)	1.15	1.00	0.84	0.91	0.91
*Annualized, if required					
A - Actual Accounts					
P - Projected Accounts					
M - Management Accounts					

REGULATORY DISCLOSURES — Appendix I

Name of Rated Entity	Arif Habib Dolmen REIT Management Limited
Sector	Miscellaneous
Type of Relationship	Solicited
Purpose of Rating	Management Quality Ratings (REIT Management Company)

Rating History

Rating Date	REIT Rating	Rating Outlook	Rating Action
RATING TYPE: ENTITY			
02-Mar-26	AM2++ (RMC)	Stable	Upgrade
10-Jan-25	AM2+ (RMC)	Stable	Reaffirmed
11-Dec-23	AM2+ (RMC)	Stable	Reaffirmed
25-Oct-22	AM2+ (RMC)	Stable	Reaffirmed
22-Sep-21	AM2+ (RMC)	Stable	Reaffirmed
04-Sep-20	AM2+ (RMC)	Stable	Reaffirmed
18-Oct-19	AM2+ (RMC)	Stable	Upgrade
17-Sep-18	AM2 (RMC)	Stable	Reaffirmed
25-July-16	AM2 (RMC)	Stable	Reaffirmed
04-May-16	AM2 (RMC)	Stable	Harmonized
08-Jun-15	AM2- (RMC)	Stable	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	13th January, 2026
Mr. Razi Haider	CFO	
Mr. Abdul Samad	AM Finance	