

## GLOBE RESIDENCY REIT

### Analyst:

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### RATING DETAILS

RATINGS CATEGORY	Latest Rating	Previous Rating
REIT RATING	RFR2 (dr)	RFR2 (dr)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	April 23, 2026	February 12, 2025

### Company Information

<b>REIT Name:</b> Globe Residency REIT	<b>Auditor:</b> A.F. Fergusons and Co. Chartered Accountants
<b>RMC:</b> Arif Habib Dolmen REIT Management Limited	<b>Scheme:</b> Listed closed-end development
<b>Chairman of the Board:</b> Mr. Arif Habib	<b>Listing:</b> Pakistan Stock Exchange (PSX)
<b>Chief Executive Officer:</b> Mr. Muhammad Ejaz	<b>Valuer:</b> Tristar International Consultant (Pvt) Limited
<b>Trustee:</b> Central Depository Company of Pakistan Limited (CDCPL)	<b>Development Advisor:</b> Arif Habib Development & Engineering Consultants (Private) Limited
<b>Shareholding 10% or more:</b>	
Arif Habib Corporation & Related Parties – 40.04%	
Mr. Abdul Ghani – 11.49%	
General Public – 25.72%	

### Applicable Rating Methodology

REIT Fund Rating

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

### Rating Scale

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

### Rating Rationale

Assigned rating of Globe Residency REIT ('GRR' or the 'Scheme') reflects its association with the established Arif Habib Group, providing strong sponsor backing, relevant experience in REIT management through Arif Habib Dolmen REIT Management Limited, and a sound governance framework supported by an experienced board and management team. The REIT benefits from its strategic location within Naya Nazimabad, Karachi, and improving sales momentum, particularly during 1HFY26, driven by easing interest rates. However, the REIT remains exposed to an inherent risk of execution, common in development-stage projects, including dependence on timely construction completion and sustained sales absorption. The lag in construction timelines reflects deliberate scope expansion undertaken following amendments in the Karachi Town Planning and Building Regulations, supporting enhanced project scale and value. Liquidity is supported by steady customer inflows, satisfactory recovery levels, and access to external financing, though it is partially constrained by the dividend payouts during the development phase.

Coverage indicators remain sensitive to sales progress and collection efficiency. Going forward, continued improvement in demand dynamics, sustained sales momentum, project execution and timely recoveries will remain important, amidst evolving macroeconomic environment.

## Scheme Profile

Globe Residency REIT is a closed-end development REIT and was established under the Trust Deed dated December 24, 2021. The Project has been acquired from Javedan Corporation Limited and as per the approval from SECP the Project was transferred to the REIT structure, effective April 1, 2022. The REIT was listed on the Pakistan Stock Exchange Limited (PSX) on December 28, 2022 under the REIT Regulations, 2022.

The project is managed by Arif Habib Dolmen REIT Management Limited, with Central Depository Company of Pakistan as its trustee. GRR's primary objective is the construction of 9 apartment towers at Naya Nazimabad, Karachi, covering a land area of 40,500 sq. yards.

## Sponsor Profile

GRR is the South Asia's first listed developmental REIT, being managed by Arif Habib Dolmen REIT Management Limited - part of the Arif Habib Group, 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. The Arif Habib Group is one of the pioneers of REIT development in Pakistan.

## Management and Governance

### CHAIRMAN/CEO 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 MBA in Banking and Finance from IBA, Karachi, where he has also served as a 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.

### BOARD & SENIOR MANAGEMENT

The Board of Directors comprises nine members, including 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, and one executive director (the CEO), thereby ensuring a balanced mix of executive and non-executive representation. During the year 2025, nine Board meetings were held, with satisfactory attendance from members and no casual vacancy occurred. Ms. Tayyaba Rasheed retired during the year, and Ms. Aaiza Khan was appointed as her replacement on April, 28 2025, as an independent female director.

The Audit Committee, consists of four members 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 2025.

### AUDIT OPINION

A.F. Ferguson & 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 Schemes financial position as of June 30, 2025.

## Business Risk

### INDUSTRY UPDATE

Pakistan's real estate sector remained subdued during FY25, reflecting weak investment sentiment, elevated financing costs in the early part of the fiscal year, and constrained liquidity in property markets. Transaction activity remained relatively muted as higher borrowing costs limited mortgage affordability and developer financing, while continued tax documentation requirements contributed to a shift toward more formalized transactions. Nevertheless, the sector retains structural importance to the economy through its strong linkages with construction materials, banking, and allied industries. Gradual macroeconomic stabilization and the onset of monetary easing toward the latter part of FY25 supported a modest improvement in investor sentiment, with early indications of recovery emerging in 1HFY26.

Within the sector, developmental Real Estate Investment Trusts (REITs) have continued to evolve as an institutional mechanism for financing large-scale property development. Regulatory support and tax incentives have encouraged gradual expansion of the REIT framework, aimed at improving transparency and facilitating participation by institutional investors. Developmental REITs, in particular, provide a structured avenue for funding construction projects while reducing reliance on informal financing channels that have historically characterized Pakistan's property market.

Policy measures announced in the FY26 federal budget are expected to support sector activity through reduced transaction costs and continued fiscal incentives for REIT structures. Proposed reductions in transaction-related taxes and stamp duties are intended to stimulate documented property transactions, while existing tax exemptions for REITs linked to income distribution requirements continue to support the attractiveness of these investment vehicles.

Looking ahead, the sector's outlook is cautiously positive. A lower interest rate environment, improving macroeconomic stability, and supportive policy measures are expected to gradually revive demand and development activity. However, structural challenges including limited mortgage penetration, regulatory fragmentation, and documentation gaps in land markets that may continue to moderate the pace of recovery over the near to medium term.

### OPERATIONS

As of Dec'25, Globe Residency REIT (GRR) continues to demonstrate steady construction progress. While the overall project completion timeline remains extended to March 2027, progress across towers indicates gradual catch-up, with certain structures advancing meaningfully. The towers have achieved advanced stages of completion, with certain structures nearing full completion (above 95%), while only a limited number of grey structures remain to be topped, reflecting prioritization of specific inventory. Completion levels of the 7 out of 9 towers are generally ranging between ~30% to ~65%

### SALES & PROFITABILITY

During FY25, Globe Residency REIT (GRR) materially expanded its project scope following amendments to the Sindh Building Control Authority's Karachi Building and Town Planning Regulations, 2002. This led to an increase of ~409,098 sq. ft. in saleable area, with total units rising to 1,639 from 1,344 (net addition: 295 units). The expansion has enhanced the project's total sales potential by approximately PKR 5bn, while incremental costs remain relatively contained. Overall sales performance has improved markedly, with cumulative units sold reaching 1,081 out of 1,639 as of Dec'25. The sale momentum has gained pace particularly in the 2nd half of 2025 with 221 units sold in 1HFY26 compared to only 65 units in FY25 as a result of easing of interest rates, which has revived real estate activity, particularly in projects such as Naya Nazimabad, alongside price appreciation (PKR 14,000 to PKR 16,000 per sq. ft). In addition, the commencement of tower bookings structured via a Musharaka financing agreement with Meezan Bank acted as a secondary catalyst, contributing 127 apartments to the 221 total sales recorded in 1HFY26. Sales revenue during the 1H2026 was recorded at PKR 4.5bn, taking the total sales till date to PKR 17.8bn.

## Financial Risk

### CAPITAL STRUCTURE

GRR's capital structure continues to rely predominantly on customer advances (~80%), supplemented by a mix of equity, borrowing, and a Musharaka arrangement with Meezan Bank Limited. The project cost has increased to PKR 23.7bn (from PKR 20.4bn), driven by design enhancements and additional floors; however, the impact is partially mitigated through built-in contingencies. To expedite construction amid improving demand dynamics, the REIT has mobilized additional borrowings from banks, leading to an increase in leverage ratio to 2.76x (June '25: 1.84x) as at December 2025.

## LIQUIDTY & DEBT COVERAGE

Liquidity remains adequate, supported by continued inflows from customer advances and Musharaka proceeds, alongside external borrowings, collectively providing a degree of financial flexibility. Till December 2025, the REIT has generated about ~ PKR 11.8bn in cash sales proceeds, with recoveries maintained at 92% as of Dec 31, 2025, reflecting good collection efficiency. However, persistent dividend payouts do constrain internal liquidity, limiting financial flexibility during the development phase.

Coverage indicators remain primarily dependent on on sales momentum, project execution and timely recoveries. Going forward, liquidity and coverage will ease, with gradual improvement contingent upon sustained sales velocity, adherence to construction timelines, and timely collections.

FINANCIAL SUMMARY					PKR Mn
<b>BALANCE SHEET</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>H1FY26</b>
Investment Property	2,301.4	2,055.9	2,390.3	2,778.3	2,641.1
Contract cost assets (including current portion)	28.3	38.4	23.5	20.8	29.5
Contract assets	784.6	1,223.9	1,597.7	1,548.3	2,514.9
Advance and receivables	450.3	316.5	456.3	572.1	834.0
Advance for development expenditure	324.5	319.2	236.8	357.8	445.6
Receivable from joint operator	0.0	148.5	67.5	271.0	0.0
Cash and Bank balances	160.1	7.8	9.8	62.5	679.0
<b>Total Assets</b>	<b>4,049.8</b>	<b>4,113.7</b>	<b>4,790.0</b>	<b>5,618.7</b>	<b>7,151.9</b>
Long term loan	1,400.0	1,400.0	1,483.4	2,316.6	2,414.8
Outstanding land consideration (including current portion)	700.0	250.0	250.0	0.0	0.0
Working capital finance	0.0	0.0	52.8	226.0	46.7
Contract liabilities	66.0	178.0	253.6	402.9	929.2
Trade and other payables	128.3	126.8	538.0	206.4	582.1
Accrued expenses and other liabilities	139.8	196.9	397.5	408.0	541.4
Accrued mark-up	14.5	81.4	73.2	38.5	31.5
<b>Total Liabilities</b>	<b>2,465.4</b>	<b>2,257.7</b>	<b>3,101.6</b>	<b>3,637.1</b>	<b>5,250.7</b>
Paid-up Capital	1,400.0	1,400.0	1,400.0	1,400.0	1,400.0
Equity	1,584.4	1,855.5	1,687.4	1,981.6	1,901.3
<b>INCOME STATEMENT</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>H1FY26</b>
Revenue from contracts with customers	2,564.5	2,849.8	3,036.6	2,627.5	2,383.3
Gross Profit	507.6	427.5	389.6	674.5	519.1
Net Operating income	417.0	330.0	307.6	529.8	416.6
Profit Before Taxation	412.2	408.3	265.5	544.7	413.3
Profit for the year	342.4	271.1	251.9	539.2	409.6
<b>RATIOS</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>H1FY26</b>
Gearing (x)	0.88	0.75	0.91	1.28	1.28
Leverage (x)	1.56	1.22	1.84	1.84	2.76
Total Debt/Assets (x)	0.35	0.34	0.32	0.45	0.34
Total Liabilities/Assets (x)	0.61	0.55	0.65	0.65	0.73
Gross Margin	19.8%	15.0%	12.8%	25.7%	20.9%
Net Margin	13.3%	9.5%	8.3%	20.5%	16.5%
Current Ratio (x)	7.13	3.09	2.53	3.12	1.95

REGULATORY DISCLOSURES		Appendix I		
Name of Rated Entity	Globe Residency REIT			
Sector	Construction			
Type of Relationship	Solicited			
Purpose of Rating	Development REIT			
Rating History	Rating Date	REIT Rating	Rating Outlook	Rating Action
	<b>RATING TYPE: ENTITY</b>			
	23-Apr-25	RFR2 (dr)	Stable	Reaffirmed
	12-Feb-25	RFR2 (dr)	Stable	Reaffirmed
	23-Jan-24	RFR2 (dr)	Stable	Reaffirmed
	20-Dec-22	RFR2 (dr)	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.			
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Due Diligence Meeting Conducted	Name	Designation	Date	
	Mr. Razi Haider	CFO	26 <sup>th</sup> February 2026	
	Mr. Muhammad Fahad	AM - Finance		