

## SIGNATURE RESIDENCY REIT

**Analyst:**

Rida Hashmi  
(rida.hashmi@vis.com.pk)

**RATING DETAILS**

RATINGS CATEGORY	REIT Fund Rating (Development REIT)
REIT RATING	RFR2++(dr)
RATING OUTLOOK/ WATCH	Stable
RATING ACTION	Initial
RATING DATE	07-May-2026

**Scheme Information**

<b>REIT Name:</b> Signature Residency REIT	<b>Auditor:</b> Yousuf Adil 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> MYK Associates (Private) Limited
<b>Trustee:</b> Central Depository Company of Pakistan Limited (CDC)	<b>Development Advisors:</b> <ol style="list-style-type: none"> <li>Habib Fida Ali</li> <li>Arif Habib Development and Engineering Consultants (Private) Limited</li> </ol>
<b>Shareholding 10% or more:</b> Arif Habib Corporation Limited - 27.26% Javedan Corporation Limited (JVDC) - 27.21% General Public - 26.40% Mr. Abdul Ghani - 14.72%	

**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**

The assigned rating of SRR reflects strong sponsor support, fully realized sales, zero debt, and materially reduced execution risk. The Scheme is supported by sponsor strength of the Arif Habib Group, which provides meaningful financial backing, strategic oversight, and demonstrated expertise in real estate development and REIT management through Arif Habib Dolmen REIT Management Limited. The rating also reflects the Group's established track record of successfully executing development projects through its REIT Management Company, which supports operational credibility and governance discipline. SRR is a well-located development project within Naya Nazimabad, which has benefited from improving real estate transaction activity in the area. The project has achieved full sales completion, with 100% of the 104 apartments and commercial space already sold, significantly reducing market risk. Furthermore, the REIT has zero debt which provides strong financial flexibility. Total cash collection remains strong at 65% of total sales while recoveries are on track at 92%. Completion and execution risks are largely mitigated, given the advanced stage of construction and scheduled handover by November 2026. The REIT is scheduled for dissolution by end-2027, which falls within the VIS rating horizon.

## Scheme Profile

Signature Residency REIT is a closed-end development REIT and was established under the Trust Deed dated 22<sup>nd</sup> March 2023. 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 30<sup>th</sup> March 2023. The REIT was listed on the Pakistan Stock Exchange Limited (PSX) on January 29, 2026 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. SRR's primary objective is the construction of Signature Tower at Naya Nazimabad, Karachi, covering a land area of 2,067 Square Yards ("SQY"). The tower consists of one (1) commercial unit on the ground floor, and one hundred and four (104) apartments.

## Sponsor Profile

SRR is 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. The group has three active and listed REITs in Pakistan namely Signature Residency REIT ('SRR'), Globe REIT Residency ('GRR') and Dolmen City REIT ('DCR').

## 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.

### BOARD & SENIOR MANAGEMENT

The Board of Directors comprises nine (9) members, including one female director, reflecting gender diversity in line with SECP's listed company requirements. The composition of the Board includes three (3) independent directors (including female director), five (5) non-executive directors, and one (1) executive director (the CEO), ensuring a balanced mix of executive and non-executive representation.

The Audit Committee, consists of four (4) members with an independent director serving as Chairman, ensuring compliance with governance standards. The Human Resource & Remuneration Committee (HR&RC) is duly formed, chaired by an independent director, comprising two non-executive directors, and CEO.

Name	Designation
Mr. Arif Habib	Chairman
Mr. Nadeem Riaz	Director
Mr. Naeem Ilyas	Independent Director
Ms. Aaiza Khan	Independent (Female) Director
Mr. Muhammad Noman Akhtar	Independent Director
Mr. Abdus Samad A. Habib	Director
Mr. Faisal Nadeem	Director
Mr. Sajidullah Sheikh	Director
Mr. Muhammad Ejaz	CEO

## AUDIT OPINION

Yousuf Adil & 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 Scheme's financial statements comply with accounting standards and accurately portray the Scheme's financial position as of June 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.

The sector's outlook has become more cautious amid recent rise in interest rates, driven by higher oil prices, regional tensions, and inflationary pressures. Elevated financing costs are likely to constrain demand and slow development activity in the near term. While macroeconomic environment has shown signs of stabilization, the evolving external pressures introduces renewed uncertainty. Additionally, structural challenges, including low mortgage penetration and regulatory inefficiencies, are expected to keep recovery gradual and uneven over the near to medium term.

### The Scheme

The 'Signature Residency REIT Project is a high-rise mixed-use development located within Naya Nazimabad, a large gated and master-planned residential community developed by Javedan Corporation Limited. Positioned in Block A adjacent to key landmarks such as the Gymkhana and commercial areas, the project benefits from strong accessibility to essential amenities including healthcare, education, retail, and recreational facilities.

The REIT was established to acquire and develop designated commercial land parcels into residential apartments and retail units. Initially comprising two plots (Com 102 and Com 109/1), the Scheme has since streamlined its asset base following the sale of Com 109/1 in November 2024. The remaining asset, Com 102 (2,067 sq. yds.), constitutes the core development site of the Project.

The project is being developed on Plot COM-102, spanning 2,067 square yards, with a total built-up area of approximately 255,450 sq. ft. It comprises 104 residential apartments and one unit of retail space, of which all has been sold, reflecting healthy demand. The apartment mix ranges from 2-bedroom to 4-bedroom and duplex units, catering to mid- to upper-income segments. The development features a 21-storey tower incorporating modern amenities such as dedicated parking floors, passenger and cargo lifts, standby power, recreational facilities, and a dedicated amenities floor.

Development and execution are being undertaken through a consortium of professional entities, including Habib Fida Ali Architects as Development Advisor and Arif Habib Development & Engineering Consultants (Pvt) Limited as Project Manager, responsible for design, planning, execution, and marketing. The Scheme also engages independent valuation services to ensure periodic asset valuation in compliance with REIT regulations. The last valuation was conducted by MYK Associates as of February 15, 2026, using the sales comparison approach. The land has an assessed value of PKR 568.4mn, the development work has an NPV of PKR 1,194.4mn, resulting in cumulative valuation of PKR 1,762.9mn.

The project cost for the project is budgeted at PKR 2,330.0mn, comprising land cost of PKR 413.4mn, construction cost of PKR 1,405.0mn, and additional REIT-related and administrative expenses of around PKR 512.0mn. Construction costs are based on an assumed rate of PKR

5,500 per sq. ft., with a built-in contingency buffer of 5% to accommodate potential cost escalations. Funding is primarily supported through a mix of equity, customer advances, and unit issuance, with customer inflows playing a key role in financing development and operational expenses.

In terms of timelines, the project has an estimated execution horizon of 4 years, commencing from March 2023. Construction and development activities are being carried out in phases, with costs and cash outflows spread across 2023–2027. As of Feb 2026, 50% of overall construction has been completed. Major civil works are near completion with the grey structure standing at ~95% completion. The overall project completion timeline remains on schedule, slated for hand over of apartments by November 2026, and the finalization of the tower and extinction of the REIT scheduled for 2027.

## SALES & PROFITABILITY

During FY25, with the change in project scope Comm 109/1, a land parcel originally part of the REIT was sold to private developers in Naya Nazimabad. As a result COM 109/1 ceased to be a part of the REIT. This sale brought in cash worth PKR 469.7mn at PKR 232,000 per sq.yd (bought at PKR 200,000 per sq.yd). In addition, the commercial unit on the ground floor of COMM 102 was sold to Bank Alfalah for PKR 478.0mn, bringing total sales revenue for FY25 to PKR 947.7mn.

Revenue from apartment sales continues to be recognized as contract liabilities, in line with accounting standards, and will be realized upon transfer of possession. As of December 31, 2025, cumulative apartment sales stand at approximately PKR 2,188.4mn, with revenue realization expected to materialize progressively through project completion by 2027. On the cost side, construction expenditures are being capitalized as inventory property and will be recognized in line with revenue realization. To date, approximately PKR 862.9mn of construction costs have been incurred out of the total estimated PKR 1,405.0mn, largely funded through customer advances. Overall, the project is expected to generate total profits of around PKR 398.0mn, of which PKR 66.0mn has already been distributed as dividends, leaving distributable profits of approximately PKR 332.0mn. Based on projected cash flows, the project yields an estimated IRR of 27.1%, indicating a strong return profile.

PKR Mn	Total Inventory	Sold	Sales Revenue	Received	Due O/S	Not Due O/S	Recovery
Apartments	104	104	2,188.4	1,275.1	143.9	769.4	~89.0%
Retail	1	1	478.0	454.1	-	23.9	100.0%
Total	105	105	2,666.4	1,729.2	143.9	793.3	~92.0%

## Financial Risk

### CAPITAL STRUCTURE

SRR's capital structure has evolved significantly from its initial mix of 60% debt and 40% equity used for land acquisition. Following the successful sale of COM 109/1 and the commercial unit within COM-102, the Scheme fully repaid its PKR 495.0mn financing facility in FY25, resulting in a debt-free balance sheet.

The Scheme is now predominantly funded through customer advances, which constitute the majority of its funding base (~76.8%), supplemented by sponsor equity. While reported leverage remains elevated (3.78x), this is largely attributable to contract liabilities, representing advance payments from customers. These are operational in nature and expected to unwind upon revenue recognition and project completion, indicating that underlying financial leverage remains contained.

### LIQUIDITY & DEBT COVERAGE

SRR's liquidity profile remains strong, underpinned by sound on-balance sheet position and steady inflows from customer advances. As of December 2025, the Scheme maintains cash and bank balances of PKR 479.4mn, providing a comfortable liquidity buffer. The REIT has successfully realized full due proceeds from the sale of the commercial unit of COM-102, alongside substantial inflows from apartment sales, with total recovery rate at 92%. Additionally, the absence of outstanding bank debt reduces immediate financial obligations, further strengthening the Scheme's liquidity position.

FINANCIAL SUMMARY				
	PKR Mn			
<b>BALANCE SHEET</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Contract cost assets	-	22.3	39.9	54.9
Inventory property	832.0	1,277.6	786.9	1,097.6
Short-term Deposits, advances & other receivables	180.0	83.6	112.5	121.9
Cash at bank	564.7	146.2	425.5	504.4
<b>Total Assets</b>	<b>1,576.7</b>	<b>1,529.7</b>	<b>1,364.8</b>	<b>1,778.8</b>
Long term loan including current portion	495.0	495.0	-	-
Contract liabilities	268.4	704.4	945.3	1,378.8
Accrued expenses & other liabilities	6.7	27.9	18.7	54.3
<b>Total Liabilities</b>	<b>1,259.1</b>	<b>1,228.8</b>	<b>964.0</b>	<b>1,433.1</b>
Paid Up Capital	-	330.0	330.0	330.0
<b>Equity</b>	<b>317.6</b>	<b>301.0</b>	<b>400.8</b>	<b>345.7</b>
<b>INCOME STATEMENT</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Revenue from contracts with customers	-	-	948	-
Gross Profit	-	-	121	-
Net Operating income	(11)	(20)	68	(24)
Profit Before Taxation	(12)	(17)	100	11
Profit for the year	(12)	(17)	100	11
<b>RATIOS</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>9MFY26</b>
Gearing (x)	1.56	1.64	0.00	0.00
Leverage (x)	3.96	4.08	2.41	4.15
Total Debt/Assets (x)	0.31	0.32	0.00	0.00
Total Liabilities/Assets (x)	0.80	0.80	0.71	0.81
Gross Margin	N/A	N/A	12.7%	N/A
Net Margin	N/A	N/A	10.5%	N/A
Current Ratio (x)	2.06	1.81	1.37	1.20
<i>*Annualized, if required</i>				
A - Actual Accounts				
P - Projected Accounts				
M - Management Accounts				

## REGULATORY DISCLOSURES

## Appendix I

<b>Name of Rated Entity</b>	Signature Residency REIT			
<b>Sector</b>	Construction			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Development REIT			
<b>Rating History</b>	<b>Rating Date</b>	<b>REIT Rating</b>	<b>Rating Outlook</b>	<b>Rating Action</b>
	<b>RATING TYPE: INITIAL</b>			
	07-05-2026	RFR2++(dr)	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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.			
<b>Probability of Default</b>	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.			
<b>Disclaimer</b>	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Copyright 2026 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			
<b>Due Diligence Meeting Conducted</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>	
	Mr. Razi Haider	CFO	26 <sup>th</sup> February 2026	