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Stable Outlook

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CAN REITs

REIGNITE PAKISTAN ?

RIET In Pakistan.....

Structurally right, not yet at scale. Pakistan's REIT market has grown from a single scheme in 2015 to 29 registered schemes, 6 listed on the PSX, a 7th cleared for listing backed by the most substantive regulatory rebuild since inception.

The proof of concept works. Dolmen City REIT trades at a ~PKR 87bn market cap with a ~7% dividend yield and 98.5% occupancy — evidence a well-run rental REIT can deliver investor-grade income here.

But rates still bite. An 11.5% policy rate means REIT yields must compete with near risk-free double-digit returns — the single biggest brake on near-term capital rotation into the sector.

Verdict: REITs will reignite Pakistan gradually — a slow-burn institutional income trade for patient capital, not a near-term liquidity or growth story.

29 / 6

Registered REIT schemes / listed on PSX (Aug 2026)

10–12M

Housing unit shortfall, widening every year

11.5%

SBP policy rate — the key headwind to REIT yields

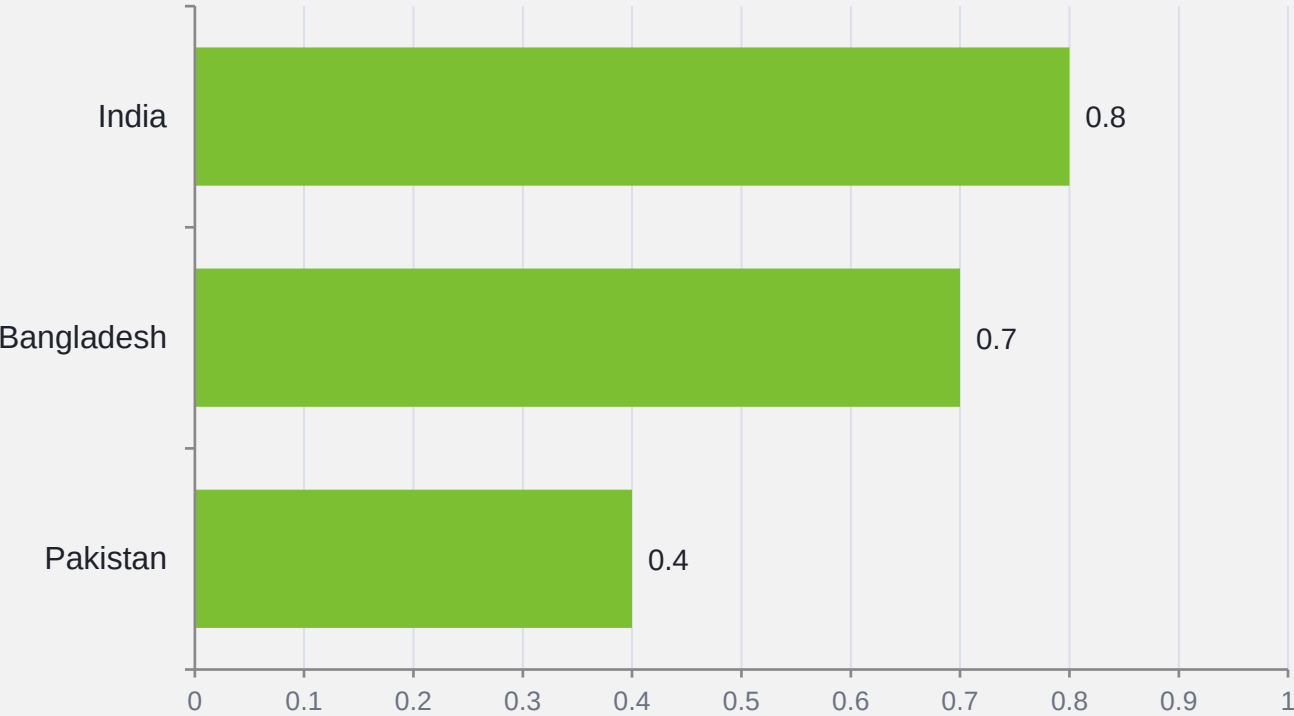
~7%

Dolmen City REIT trailing dividend yield

The Setup: Why Pakistan Needs This Trade

Real estate is Pakistan's largest asset class — yet the most informal, dominated by cash transactions and undocumented title rather than income-producing, professionally managed assets.

Housing Affordability Index (higher = more affordable)



Source: World Population Review, cited in The Express Tribune (Jan 2026)

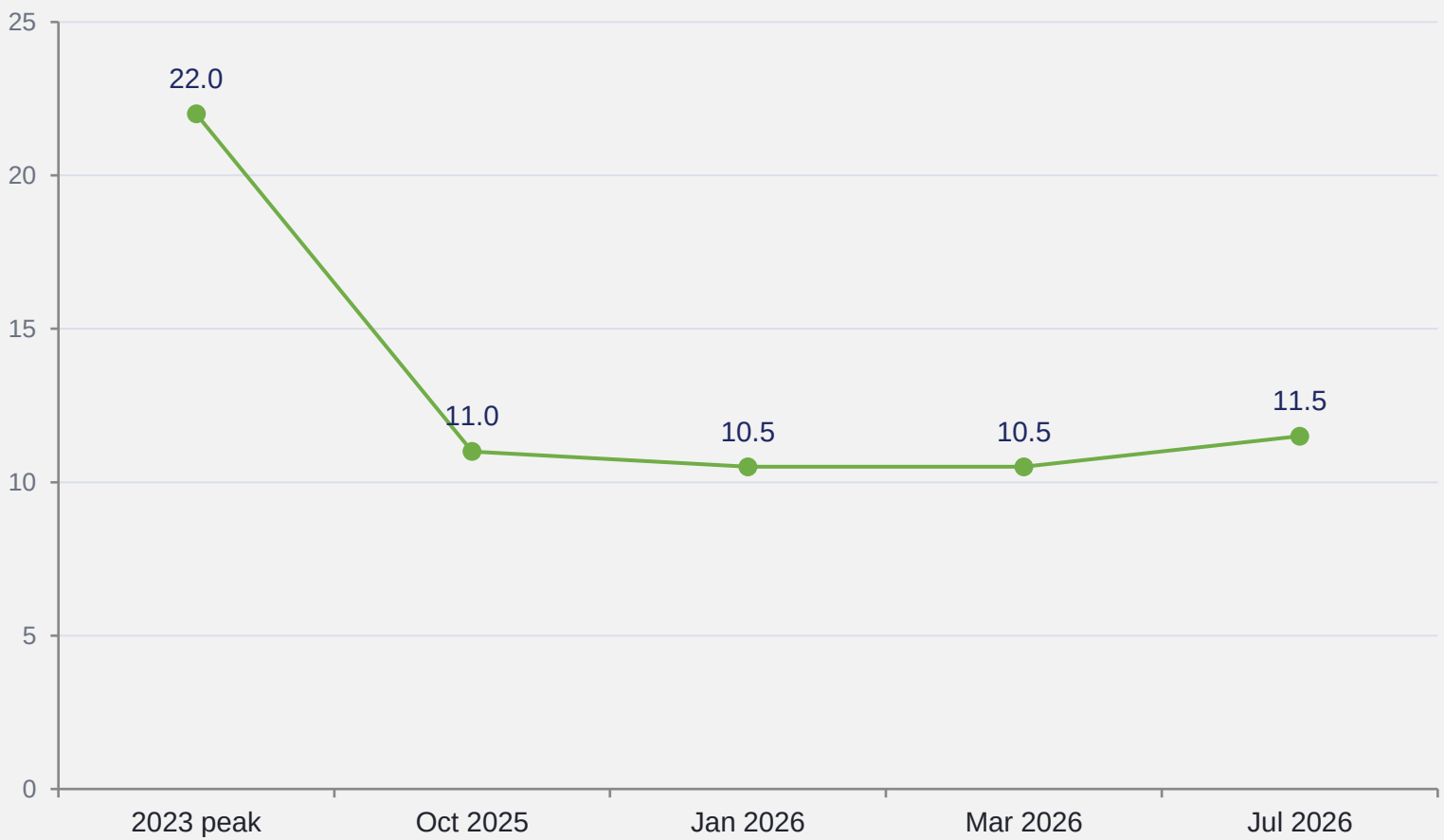
10–12M units
 Housing backlog, widening yearly with urbanisation

USD 2.11tn
 Estimated real-estate market potential under favourable policy

+10.5% YoY
 Average house-price growth into early 2026; rents +10% in Tier-1 cities

Macro Backdrop: A Cycle That Turned, Then Paused

SBP Policy Rate, 2023–2026 (%)



Source: State Bank of Pakistan

11.1%

Headline inflation, June 2026 — up from 5.6% in Dec 2025 on flood-related losses & energy prices

23% → 11.5%

Policy rate round-trip: peak 2023 crisis to a still-elevated 2026 pause

Why it matters: REIT yields of 6–8% must clear a much higher risk-free bar until the cutting cycle resumes credibly.

The Regulatory Rebuild

2015

2022

Jan 2026

Aug 2026

REIT Regulations, 2015

Founding framework enables Dolmen City REIT — Pakistan's first listed REIT.

REIT Regulations, 2022

Revised framework; clearer SPV & real-estate transfer timelines to speed listings.

Simplification Amendments

SECP simplifies procedures; strengthens governance, controls & transparency.

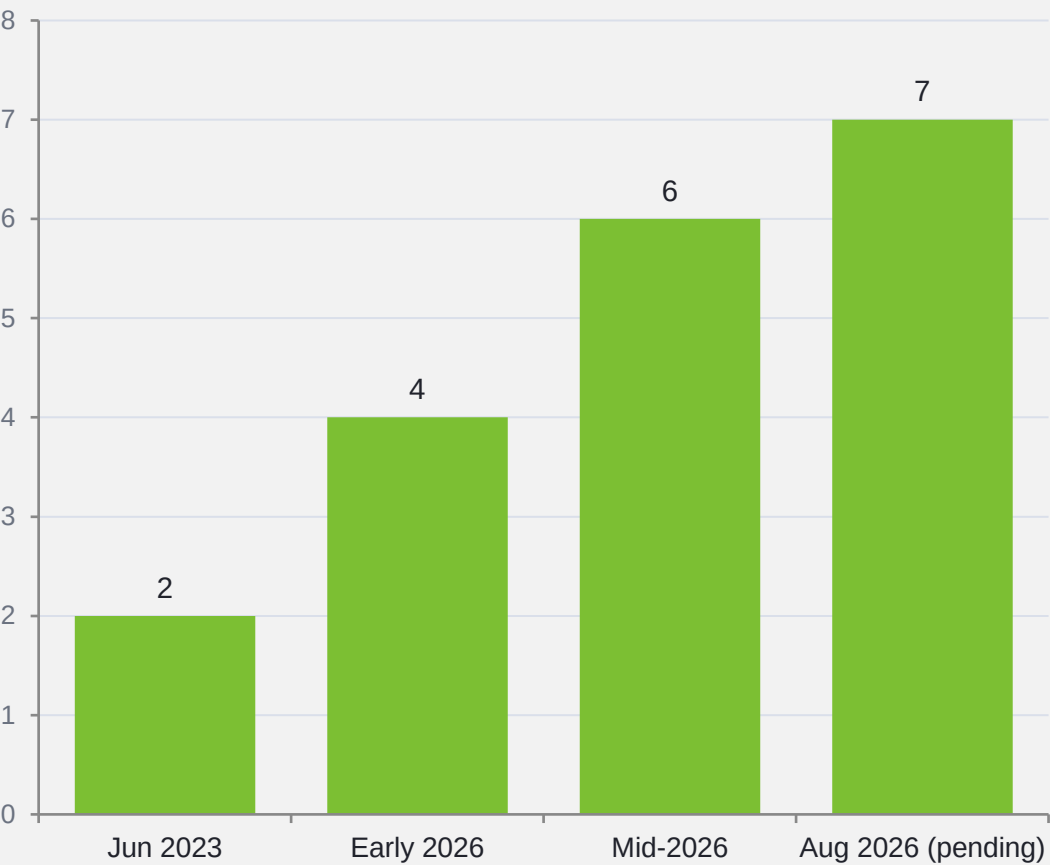
S.R.O. 1440(I)/2026

Disclosure-based issuance; Hybrid REITs authorised; agricultural land excluded.

Direction of travel: regulators are engineering REITs into the default vehicle for formal real-estate capital formation — not a niche product for a handful of large sponsors.

State of Play: Six Listed, 29 Registered

Listed REIT growth on PSX



Sources: aggregation of PSX data; Profit/Pakistan Today; ProPakistani

Dolmen City REIT (DCR)

Rental · listed 2015

~PKR 87bn mkt cap

Globe Residency REIT (GRR)

Developmental · Dec 2022

1st listed dev. REIT, S. Asia

Signature Residency REIT (SRR)

Developmental · FY25–26

5th PSX REIT listing

Naya Nazimabad Apts REIT (NNAR)

Developmental · pending

7th listing, approved Aug '26

Concentration risk: the sector is, in substance, one mature rental REIT plus a cluster of construction-stage developmental REITs.

Case Study: Dolmen City REIT

PKR 86.8bn

Market capitalisation (Aug 2026)

6.6–7.3%

Trailing dividend yield

98.5%

Average portfolio occupancy

PKR 32.41

NAV per unit (Jun 2025)

+13% YoY

Q3 FY26 net income growth

87%

Q3 FY26 profit margin

15.6x

Trailing P/E

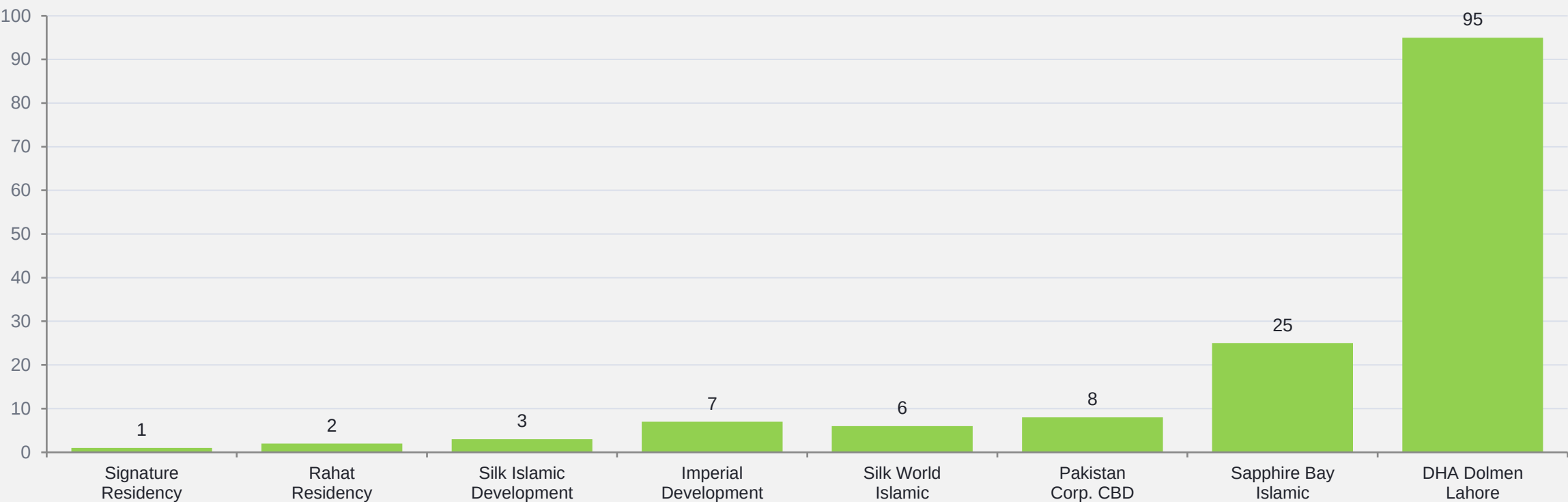
+34%

Unit price, trailing 52 weeks

***The limit:** ~7% yield is respectable, but not obviously compelling against 11.5% policy rate and comparable bank/T-bill returns — the core tension facing every Pakistani REIT today.*

The Pipeline: Scale Is Coming, Slowly

Illustrative REIT pipeline — fund size at launch (PKR bn)



Several of these — Signature Residency and Naya Nazimabad among them — have already converted from pipeline to approval or listing, confirming forward momentum even where timelines have slipped.

Source: PSX / Arif Habib Dolmen REIT Management, IPO Summit 2024 investor materials (illustrative, subject to timeline changes)

Policy Tailwinds

1 Tax-exempt at trust level

Under Clause (99), Part I of the Second Schedule to the Income Tax Ordinance, 2001, income derived by a REIT Scheme is exempt from income tax, subject to the requirement that at least 90% of its eligible accounting income is distributed to unit holders.

2 Budget FY26–27 direction

Lower property transaction taxes (236C/236K) and overseas-Pakistani incentives — though higher valuations & CGT could dilute the effect.

3 PSX pushing for more

Exchange has asked government to exempt REIT property transfers from tax and remove the 2023 sunset clause on REIT capital gains.

4 Deeper housing finance

SBP's subsidised mortgage schemes and a reported ~5% concessional home-loan push aim to rebuild financeable residential demand.

What's Still Broken



Rate competition

6–8% REIT yields vs. an 11.5% policy rate — income alone doesn't win the trade yet.



Thin free float

Sponsors typically float only 10–25% of units at IPO; daily liquidity is shallow.



Sunset-clause overhang

2023 capital-gains sunset clause on REIT structures remains unresolved.



Single-name concentration

One mature rental REIT dominates; the rest is a handful of small names.



Developmental execution risk

Construction-stage REITs depend on completion & sale, not recurring rent.



Macro & sovereign risk

Currency, IMF compliance, floods & regional shocks already reversed one rate-cut cycle in 2026.

Regional Mirror: India's REIT Runway

PAKISTAN — today

6-7

Listed REIT schemes

~USD 0.3bn

Largest single REIT (DCR) market cap

29

Total registered REIT schemes

Retail + resi

Dominant asset types

INDIA — mature market

6

Listed REIT schemes

~USD 25bn

Combined listed REIT market cap

214M sq ft

Grade A office & retail managed

₹34,800cr+

Cumulative distributions since inception

India's listed REIT market cap grew from 4 to 6 schemes and crossed USD 25bn within roughly six years of its 2019 launch — a reasonable proxy for the runway ahead of Pakistan's much earlier-stage market.

Sources: Business Standard (India REIT sector data, Aug 2026); StockAnalysis.com / Investing.com (DCR market cap)

“Partially, and slowly — yes on formalisation, not yet on scale.”

WHO THIS IS FOR

- Income-oriented, PKR investors comfortable with single-name real-estate exposure and multi-year holds
- Developers/sponsors formalising portfolios via the now-simplified listing route
- Overseas Pakistanis wanting SECP-regulated exposure without direct title risk

WHO SHOULD WAIT

- Investors seeking liquidity or index-like diversification — float and volumes are still too thin
- Rate-sensitive allocators, until the SBP's easing cycle resumes credibly
- Anyone expecting near-term capital-gains momentum rather than patient income

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