

# Growing Demand and Potential for REITs in Pakistan



## IPO Summit 2024



ARIF HABIB DOLMEN  
REIT MANAGEMENT LIMITED



# REITs – The Organizational Structure of choice for Real Estate Business



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- RE is the largest Asset Class; REITs make RE investable for general investors
- REITs provide the most optimum structure to organize the RE business
- REITs bring Democracy, Discipline, Documentation and Transparency to RE business
- REITs offer the most promising prospect to enhance breadth and depth of Capital Market
- REITs hold the key to address the shortage of civic infrastructure, including housing, by channeling savings to productive RE business

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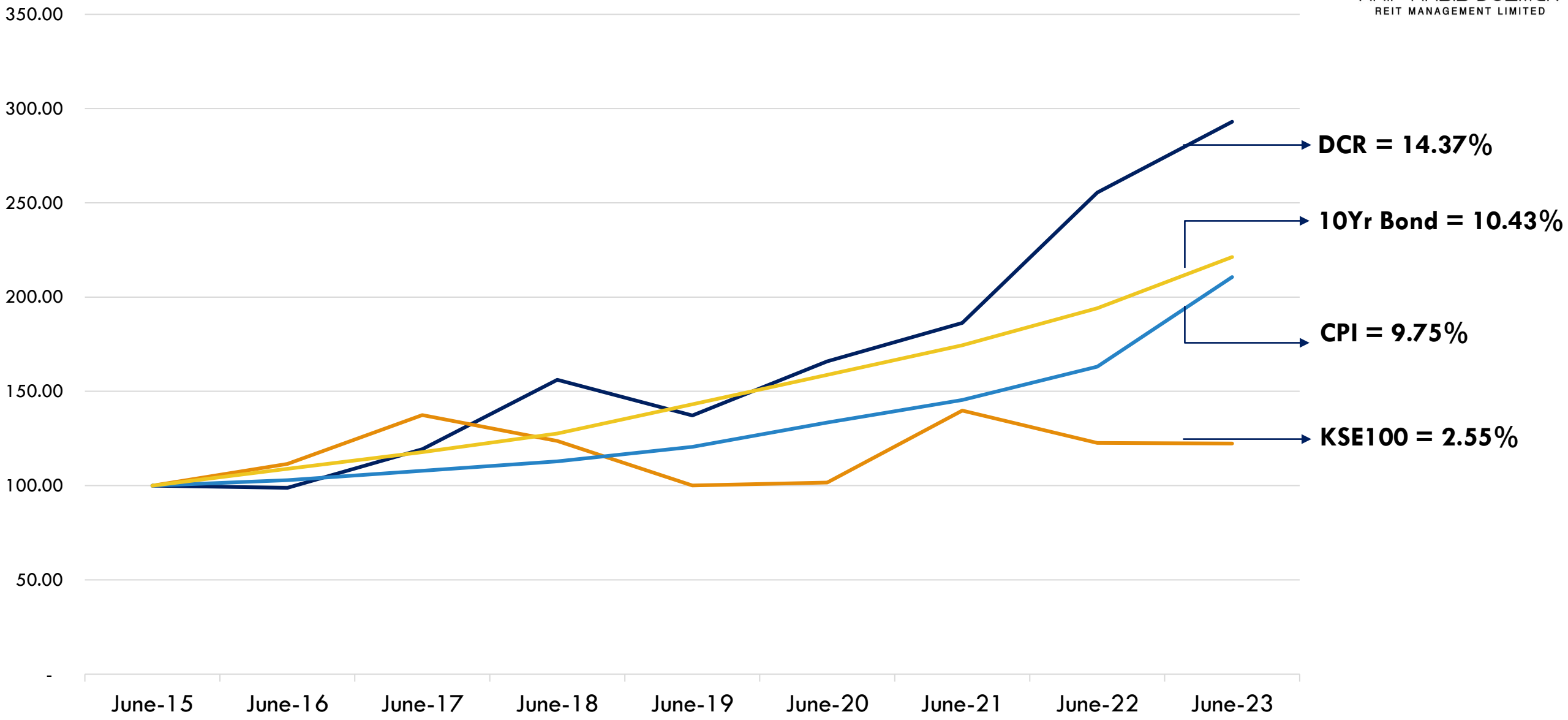
- REITs hold the key to achieve objectives of ALL STAKEHOLDERS:
  - Government:** Documentation, Revenue, Growth, Employment, Political Franchise
  - Investors:** High Return, Low Risk, Diversification, Liquidity, Transparency
  - Developer:** Corporate Governance, Access to Capital, Scale, Risk Management
  - Customers:** Reliability, Better Product, Value
  - Society:** Civic Infrastructure, Communities, Productivity
- 39 NBFCs have acquired the license to act as RMC
- 19 REIT schemes registered with assets over PKR 280 Billion
- 2 REIT Schemes already listed with an aggregate market capitalization of over PKR 32 Billion
- Both schemes offer attractive return with low volatility.

# DCR RETURN COMPARISON TO KSE100, CPI, 10YR BOND

(JUNE 2015-JUNE 2023)



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# REITS' REGIONAL MARKET CAP COMPARISON







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Index	Country	Reit M.Cap (USD mn)	Total M.Cap (USD mn)	Reit as % of Total M.Cap
DSE Index	Dubai	30,620	157,893	19.39%
VNINDEX Index	Vietnam	27,850	191,321	14.56%
STI Index	Singapore	26,300	360,070	7.30%
QSE Index	Qatar	9,310	147,353	6.32%
BSE-500 Index	India	68,860	4,041,343	1.70%
CSEALL Index	Sri Lanka	146	14,114	1.03%
KSE-All	Pakistan	118	33,549	0.35%

# REITs are the structure of choice







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Country	REIT Name	Description	Market Capitalization
<p>Australia</p> 	<p>Scentre Group - Westfield REIT</p>	<ul style="list-style-type: none"> <li>• Westfield Group and Scentre Group merged to form Westfield REIT</li> <li>• Assets located in Australia, New Zealand, America and Europe</li> <li>• <b>42 centres; over 12,000 retailers; more than 41 million square feet</b> of retail space</li> </ul>	<p><b>USD 54.09 Billion</b></p>
<p>USA</p> 	<p>Simon Property Group REIT</p>	<ul style="list-style-type: none"> <li>• Global leader in retail real estate ownership, management and development and an S&amp;P 100 company</li> <li>• Investments across North America, Europe and Asia</li> <li>• <b>203 properties; approximately 241 million square feet</b> of gross leasable area</li> </ul>	<p><b>USD 47.48 Billion</b></p>
<p>Hong Kong</p> 	<p>Link REIT</p>	<ul style="list-style-type: none"> <li>• First REIT in Hong Kong and currently the largest in Asia in terms of market capitalization</li> <li>• <b>126 properties; approximately 15 million square feet</b> of retail and office space in and outside Hong Kong</li> <li>• Established by the Hong Kong government, which hived off assets from the Hong Kong Housing Authority</li> </ul>	<p><b>USD 13.44 Billion</b></p>
<p>Singapore</p> 	<p>CapitaLand Integrated Commercial Trust</p>	<ul style="list-style-type: none"> <li>• <b>22 properties</b> in Singapore, <b>2</b> in Frankfurt, Germany</li> <li>• Owns 122.7 million units in CapitaLand Retail China Trust</li> <li>• <b>10.4 million square feet</b> of net leasable area</li> </ul>	<p><b>USD 9.80 Billion</b></p>

# REITs are the structure of choice (contd.)





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Country	REIT Name	Description	Market Capitalization
Canada 	RIO Can REIT	<ul style="list-style-type: none"> <li>Owns and manages Canada's largest portfolio of shopping centres with ownership interests in <b>302 retail properties</b>, including <b>15 under development</b></li> <li>Aggregate net leasable area of <b>46 million square feet</b></li> </ul>	<b>USD 4.20 Billion</b>
Canada 	Smart Centres REIT	<ul style="list-style-type: none"> <li>SmartCentres had <b>154 shopping centres</b> over <b>50 million square feet</b> of developed space. Most of the properties are anchored by Walmart</li> </ul>	<b>USD 2.73 Billion</b>
United Kingdom 	Land Securities Group REIT	<ul style="list-style-type: none"> <li>Constituent of the FTSE 100 Index</li> <li>Owns and manages more than <b>24 million square feet</b> of commercial property, from high street shops to major shopping centres and out-of-town retail parks</li> </ul>	<b>USD 6.31 Billion</b>
United Kingdom 	Hammerson PLC	<ul style="list-style-type: none"> <li>Owner, manager and developer of retail destinations in Europe. Portfolio includes investments in <b>21 prime shopping centres</b> in the UK and France, <b>19 convenient retail parks</b> in the UK and <b>15 premium outlets</b> across Europe</li> </ul>	<b>USD 1.77 Billion</b>

# REITs are the structure of choice (contd.)



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Country	REIT Name	Description	Market Capitalization
<p>Malaysia</p> 	<p>Sunway REIT</p>	<ul style="list-style-type: none"> <li>• It has <b>18 properties</b> comprising of <b>4 retail malls</b>. Sunway Pyramid Shopping Mall, the trophy asset of Sunway REIT is one of the largest malls in Malaysia</li> <li>• Gross floor area <b>15.7 million square feet</b></li> </ul>	<p><b>USD 1.14 Billion</b></p>
<p>Japan</p> 	<p>Japan Metropolitan Fund Investment Corporation 'JMF'</p>	<ul style="list-style-type: none"> <li>• <b>127 properties</b> all across Japan comprising of <b>968 tenants</b></li> <li>• Leasable area of <b>25.15 million square feet</b></li> </ul>	<p><b>USD 4. Billion</b></p>





# Prospects

- REIT Ecosystem has majorly improved, especially with regards to its regulatory framework
- Strong demand – Existing shortage, Growing population, Nuclear families and Urbanization
- Larger project sizes, emphasis on transparency and documentation, institutionalization / formalization of real estate business

# Challenges

- Domination of the undocumented segment
- Excessive taxation (at transaction level), weak enforcement and inconsistent policies encouraging evasion
- Lack of awareness, competence and experience
- Lack of formal financing for the Real Estate Sector
- Enabling provision of **Second Schedule – Part 1 - Section 99A, ITO, 2001** must be restored

# REIT SCHEMES managed by



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No.	Name	Fund Size - PKR	Project Size - PKR	Return	Tentative Listing
1	Dolmen City REIT	22 Billion	45 Billion	20%	Listed
2	Globe Residency REIT	3 Billion	20 Billion	35%	Listed
3	Silk Islamic Development REIT	3 Billion	147 Billion	40%	Jun-24
4	Silk World Islamic REIT	6 Billion	107 Billion	40%	Sep-24
5	Pakistan Corporate CBD REIT	8 Billion	60 Billion	30%	Dec-24
6	Sapphire Bay Islamic Development REIT	25 Billion	142 Billion	45%	Jan-25
7	Naya Nazimabad Apartment REIT	6 Billion	68 Billion	34%	Aug-25
8	Rahat Residency REIT	2 Billion	8 Billion	25%	Aug-25
9	DHA Dolmen Lahore REIT	95 Billion	95 Billion	25%	Aug-25
10	Imperial Development REIT	7 Billion	25 Billion	30%	Jan-26
11	Signature Residency REIT	1 Billion	4 Billion	50%	Jun-26
12	Park View Apartment REIT	2 Billion	38 Billion	46%	Dec-26
13	Meezan Center REIT	1 Billion	21 Billion	37%	Dec-26
14	Gymkhana Apartment REIT	5 Billion	43 Billion	39%	Dec-26



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# Select REIT Investors

Habib Bank Ltd

United Bank Ltd

Allied Bank Ltd

Habib Metropolitan Bank Ltd

Samba Bank Ltd

Faysal Bank Ltd

Askari Bank Ltd

Soneri Bank Ltd

Sindh Bank Ltd

MCB Bank Ltd

Soorty Group

Lucky Group

Arif Habib Group

Dolmen Group

Lake City Holdings

DHA Lahore

Liberty Group

Fatima Group

Ghani Group

Dawood Family Takaful Ltd

UBL Insurers Ltd

Premier Insurance Ltd

Stylers Int

EFU Life Assurance Ltd

National Bank of Pakistan

Silk Bank

World Group

Din Group

Ejaz Spinning Mills

Manoo Group

City School

Bahria Town

Master Textiles

JW Sez

**THANK YOU!**

