CHASE SECURITIES
Pakistan (Private) Limited

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Naya Nazimabad Apartment REIT

PKR 23 in, PKR 55.7 out

-Execution In the Spotlight

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Investment Snapshot

- Naya Nazimabad Apartment REIT is a closed-end, shariah compliant developmental REIT with a 10-year life due to end in June 2032. It is designed to be a tax efficient development structure with no income tax payable if over 90% of net income is paid out. This is where you come in!
- **This is an offer for sale**

Thesis:

- Buy between PKR 18 and PKR 23 with issuer-guided cash return profile of PKR 55.7/Unit over 6 years
- Expected cash flows: PKR 45.7 dividend (After Tax) + PKR 10 at liquidation
- This IPO sells 15% of the fund from existing investor (JVDC) to the general public.
- The project is in the early stages of development with significant execution risk owing to the 6 year long timeline estimated by the issuer.

Primary Risks:

- Delay in collections from customers
- Delay in liquidation payout
- Delay in construction/sales/delivery/handover of completed units to allotees

Naya Nazimabad Apartment REIT	
Offer Price	PKR 18-23
Public Offer	44.06 Mn Units
Subscription Dates	7-8th September 2026
Total Units	293.75 Mn
Issuer Stated IRR	31.11%
Investment Horizon	6 years
REIT Manager	Arif Habib Dolmen REIT Management Limited
Total Number of Projects	3
Total Development Area (Sqyd)	121,829
Commercial Plots	77
Residential Plots	146
Commercial Shops	76
NAV per Unit	32.03

Source: Issuing Documents, Chase Research

What You Are Actually Buying

Structure:
Naya Nazimabad Apartment REIT holds three land pools across Karachi and Lahore and is building them out for sale. There is no rental income and no perpetual yield.

The economics are therefore a project cash flow stream, not a dividend stream.

The project aims to use customer advances to fund development and provide completed units to allottees.

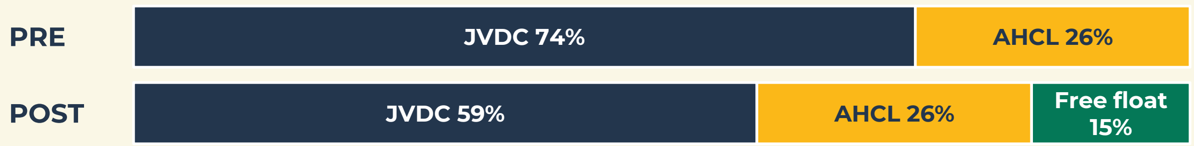
Unitholders are paid as apartments, shops and plots are delivered and cash is collected, with a terminal liquidation distribution at scheme close.

This scheme is exempt from income tax provided over 90% of accounting income is distributed. Investors will pay a 15% withholding tax in dividends as filers.

This transaction is a pure offer for sale with Javedan Corporation monetizing 15% of its holding. Arif Habib Corp's 26% is unchanged.

Jun-2022	Scheme commences; NN plots transferred
Oct-2023	BOP Musharakah PKR 7.78bn signed
Nov-2024	COM-39 / COM-41 construction starts
Aug-2025	COM-37 construction starts
2026	Listing via 15% Offer for Sale
FY29–FY32	Delivery, revenue recognition, distributions
Jun-2032	Scheme matures; liquidation ~PKR 10/unit

Unitholding: Pre vs Post Offer



Source: Issuing Documents, Chase Research

Asset Portfolio

Three pools, one engine — Karachi is 75% of appraised value and effectively all of the execution risk

DEVELOPMENT CORE

Naya Nazimabad

Karachi

PKR 15,339 Mn

75.0% of portfolio

Asset	**7 commercial plots**
Area	**46,597 sq yds**
Status	**3 of 7 under construction**
Build-out	**Towers on COM-37/39/41**
Project cost	**PKR 74,146 Mn**

LAND BANK

BACHS Society

Lahore

PKR 4,550 Mn

22.2% of portfolio

Asset	**216 plots (146 res / 70 com)**
Area	**73,871 sq yds**
Status	**Land held; 9 plots sold**
Build-out	**Plot sales, not vertical**
Project cost	**PKR 4,054 Mn**

INCOME-ADJACENT

IT Tower

Lahore

PKR 569 Mn

2.8% of portfolio

Asset	**76 retail shops**
Area	**12,249 sq ft**
Status	**Acquired Jun-2024**
Build-out	**Completed structure**
Project cost	**PKR 552 Mn**

PORTFOLIO APPRAISED VALUE

PKR 20,457 Mn total (KGT, Apr-26) • Forced Sale Value PKR 16,366 Mn — still above PKR 13,241 Mn of scheme liabilities

Source: Issuing Documents, Chase Research

Funding Architecture

Land in hand; construction majority financed by customer advances, creating significant execution risk

The project is expected to cost a total consideration of PKR 78.75 Bn to build which includes PKR 17.2 Bn in land acquisition costs which have already been paid. PKR 52.9 Bn is expected to be the total physical construction costs with the additional costs expected to be from management fees, REIT-related expenses and associated costs.

It is pertinent to note here that out of the total PKR 52.9 Bn estimated physical construction costs, PKR 2.3 Bn has been incurred as of March 2026. That leaves an astounding PKR 50 Bn which must be raised through customer advances to be able to see this project through to completion.

Management in its estimates has assumed a 5% yearly rise in the effective revenue per square foot. We believe that this is a reasonable assumption as the anchor project in Karachi is located in an area with rising occupancy driving property values upward. A faster than assumed escalation in sales pricing will yield higher payouts then our estimates.

Similarly, a hike in construction costs would adversely impact the profitability of this REIT.

The project funding structure is in line with market norms for real estate developers in Pakistan and inherently carries with it both upside risk from the prospect of cancelled units later or downside risk from an economic slowdown slowing both collections and sales momentum.

Source: Issuing Documents, Chase Research

Valuation (Issuer Sourced)

NAV is the right lens for a development REIT

Net Asset Value Bridge (PKR Mn)

Component	PKR Mn
Naya Nazimabad plots (Karachi)	15,338.8
BACHS plots (Lahore)	4,549.8
IT Tower shops (Lahore)	568.8
Appraised real estate value	**20,457.3**
Add: contract cost asset	321.8
Add: short-term assets	359.2
Add: cash at bank	1,509.6
Total assets	**22,647.9**
Less: total liabilities	(13,240.5)
Net assets	**9,407.2**
Units outstanding (Mn)	293.75
NAV per unit (PKR)	**32.03**

Issuer Valuation Methods

Method	Value / Unit	vs Floor
Net Asset Value (primary)	**PKR 32.03**	**+78%**
Discounted Cash Flow	PKR 46.85	+160%
Dividend Discount Model	PKR 31.81	+77%
Floor Price	**PKR 18.00**	—
Price Band Cap	**PKR 23.00**	+27.8%

AT FLOOR — PKR 18

0.56x

P/NAV — 43.8% discount

AT CAP — PKR 23

0.72x

P/NAV — 28.2% discount

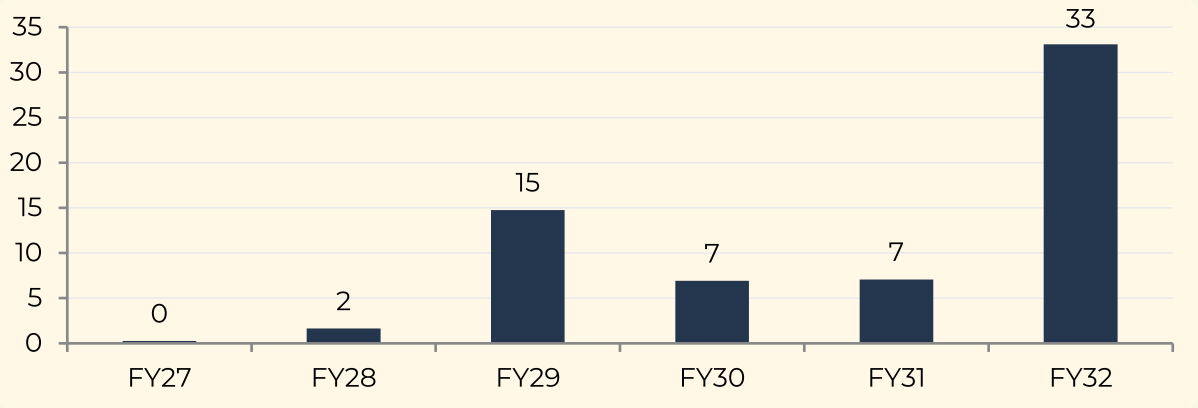
Chase view on method

We agree NAV is the correct primary anchor, it rests on an independent Apr-26 valuation of tangible land and WIP. We treat the DCF's PKR 46.85 with caution: it discounts a seven-year development stream at a 15.89% cost of equity using a 0.49 beta borrowed from Globe Residency, which understates development risk.

Source: Issuing Documents, Chase Research

Return Profile (Chase)

Distribution Profile per Unit (issuer model, PKR)



IRR Sensitivity — Chase Scenarios

Scenario	@ PKR 18	@ PKR 20	@ PKR 23
Issuer base case (pre-tax)	31.3%	28.2%	24.2%
After 15% dividend tax	**27.1%**	**24.1%**	**20.4%**
+ 1-year payout slippage	21.7%	19.4%	16.5%
+ 2-year payout slippage	18.1%	16.3%	13.8%
+ 3-year payout slippage	15.6%	14%	11.9%

POST-TAX IRR AT FLOOR

27.1%

vs 20.4% at the PKR 23 cap

How we read the numbers

We reconstructed the issuer's IRR from the OFSD distribution schedule and tie out to their 31% at PKR 18,so the disagreement that follows is about assumptions, not arithmetic.

Three adjustments matter. Applying 15% filer withholding takes the floor IRR to 27.1%. A one-year slippage on a project where three of seven sites have not broken ground takes it to 21.7%.

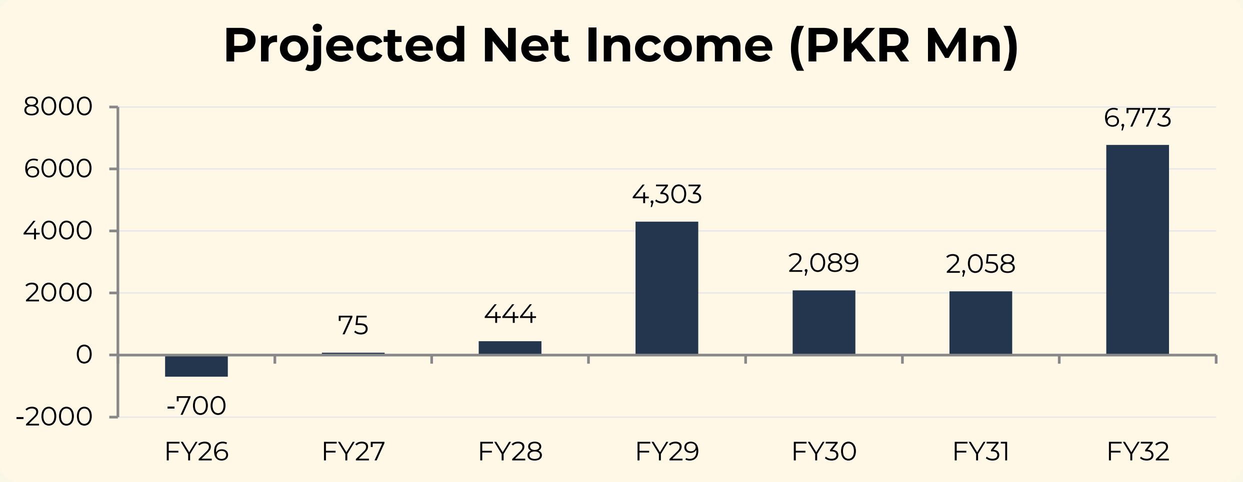
Even with a 2-year slippage, the floor holds an 18.1% IRR. That is the case for subscribing at PKR 18: the entry price absorbs a genuinely adverse scenario and still clears a domestic equity hurdle.

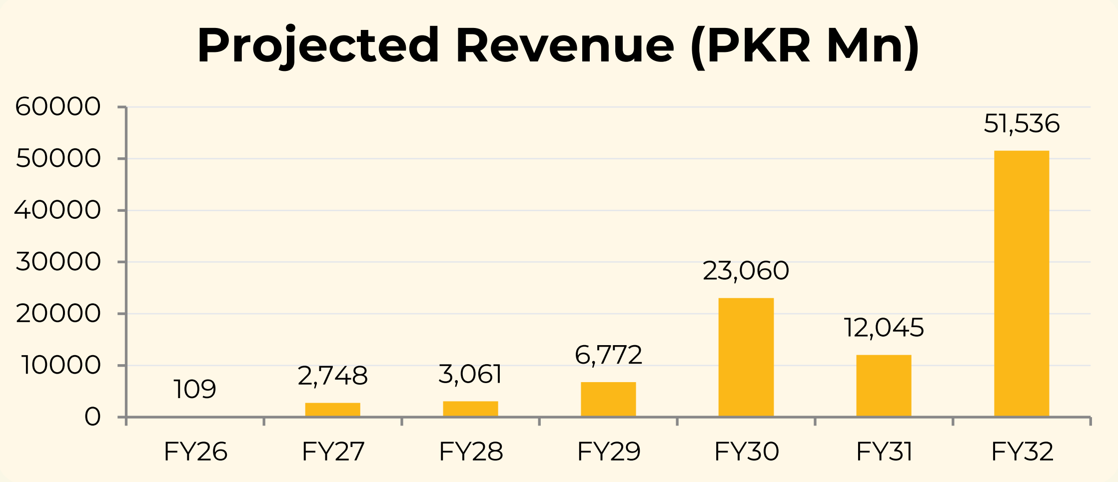
The cap does not have that property. At PKR 23 a single year slippage breaches 18%.

With a required rate of return of 18%, we believe investors should subscribe upto PKR 20 to ensure they meet their return even in the event of a 1-year slippage in payouts.

Source: Chase Research

Projected Financials (As per Offering document)





PKR Mn	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total revenue	109	2,748	3,061	6,772	23,060	12,045	51,536
Gross profit	46	818	830	4,729	4,609	4,386	18,099
Net income / (loss)	(700)	75	444	4,303	2,089	2,058	6,773
Total assets	16,537	24,042	33,770	39,385	29,634	30,818	—
Advances from customers	4,448	13,366	23,052	28,668	18,917	20,101	—
Total equity	2,820	2,895	2,938	2,938	2,938	2,938	—
Distribution / unit (PKR)	**—**	**0.26**	**1.63**	**14.76**	**6.91**	**7.07**	**33.12**

Source: Issuing Documents, Chase Research

Key Risks

HIGH **Collection velocity against a self-funded build**

86.4% of the PKR 78.75bn programme is funded by customer advances, yet only 25.2% of booked sales value has been collected. A sustained slowdown in instalment receipts would directly constrain construction, not merely defer profit.

HIGH **Back-ended cash flows and delivery slippage**

More than 50% of modelled distributions land in FY29 or later, with the largest single payment at FY32 scheme maturity. Sites carry 1,641-day build programmes and three of seven plots are not yet started.

MED **Regulatory and related-party density**

Sponsor, developer, project manager and concrete supplier all sit within the Arif Habib / Javedan orbit. Additionally, the project carries the usual regulatory risk that comes with large development projects.

MED **Construction cost inflation and vendor concentration**

A significant rise in construction would materially impact the profitability of this project given how the majority of construction is to be financed from customer advances

MED **Musharakah conversion and profit participation**

Bank of Punjab may convert its PKR 7.78bn participation into REIT units at NAV during the tenor, a latent dilution risk for holders who entered at a 43.8% discount. The Bank also takes 30.5% of actual project profit, so upside is shared before it reaches unitholders.

MED **Economic Slowdown Delaying Milestones**

The nature of this project is that it plans to run for 10 full years while economic upcycles are usually unlikely to last that long. This means that the sales outlook could significantly be altered in the event of a general economic slowdown thereby becoming a self feeding downward cycle where slow sales and collections slow down the pace of construction which further slows sales and collections.

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Rating Definition	
Buy	Total stock return > 15%
Neutral	Total stock return between 0% -15%
Sell	Total Stock return < 0%

* Total stock return = capital gains + dividend yield

Valuation Methodology:

- Period end target prices, Chase Securities Pakistan Private Limited uses different valuation methodologies including but not limited to:
- Discounted cash flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return o arrive at our based methodologies (EVA, Residual Income etc.)

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