The Pakistan Credit Rating Agency Limited

Real Estate Investment Trust (REIT) Fund Rating

Specialized Rating Methodology

Table of Contents

Summary

This methodology outlines PACRA's approach to assigning REIT Fund Rating, an independent opinion on the likelihood of successful implementation of REIT project and risk factors impacting value of REIT assets. REIT Fund Rating is assigned to i) Developmental REIT funds and ii) Hybrid REIT funds.
It is important to understand that REIT Fund Rating differs fundamentally from the traditional credit rating, which reflects an entity/issuer's ability to meet its financial obligations. PACRA's REIT Fund Rating opinion is based on evaluation of the following factors: i) Profile, ii) Economic and Industry Risk, iii) Asset Quality Risk, iv) Financial Risk, and v) Management Review. In addition to standalone analysis of these factors, PACRA also considers the relative positioning of the REIT fund in its operating industry to arrive at the final rating.

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1. Introduction

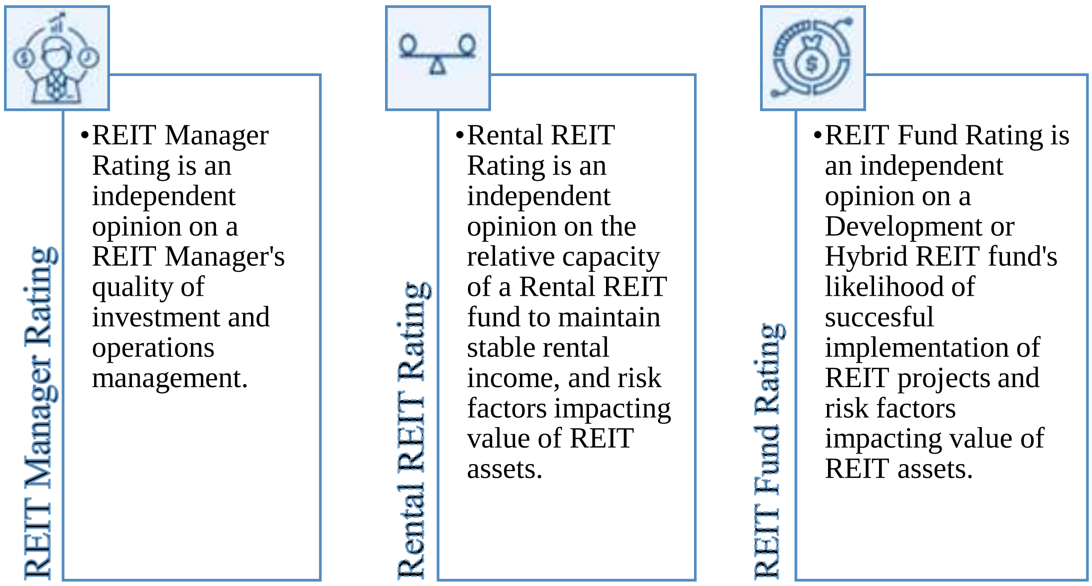
- **Overview:** Pooled investment, closed-end funds
- **REIT Industry Structure:** RMC and REIT Funds
- **Scope:** Opinion on REIT fund's investment quality and prospects of successful implementation of underlying real estate projects
- **Regulatory Framework:** Real Estate Investment Trust Regulations, 2015
- **Rating Framework**: Qualitative and quantitative factors, all factors assessed on standalone and relative basis
- **Rating Scale**: RFR1 to RFR5

1.1 Overview: Real Estate Investment Trusts (REITs) are investment vehicles designed to mobilize resources from a large pool of investors and, in turn, provide them access to income-generating real estate assets. A REIT is structured like a traditional closed-end mutual fund, however, instead of stocks and bonds, a REIT investor owns real estate backed units that sell like any other units/listed security, enabling the unit holder to invest directly in real estate. Returns for the investors are in the form of either rental income distributed through dividends or capital gains through price appreciation of the underlying assets reflected in the unit price. REITs generally distribute majority of their profits (over 90% in Pakistan) to their unit holders to receive favorable tax treatment under Pakistan's tax laws. REITs enable investors to have a direct exposure with low individual investments to a relatively illiquid asset class with sizeable initial capital requirement.

1.2 REIT Industry Structure: The REIT industry has two distinct elements: REIT Management Company (RMC) and REIT funds. REIT funds can be structured as three different models – Rental, Developmental or Hybrid REIT funds. These are briefly described below:

i. RMC – a public limited company licensed to undertake REIT management services
ii. Rental REIT funds – established with the objective of making investment in industrial, commercial or residential real estate for generating rental income
iii. Developmental REIT funds – established with the objective of development, construction, refurbishment, rehabilitation, management and/or operation of real estate for industrial, commercial, residential purpose or a combination of these
iv. Hybrid REIT funds – comprising developmental component as well as rental component

1.3 Scope: PACRA has developed separate methodologies to capture the distinct rating considerations attached to these elements of the REIT industry, depicted in the following diagram. **This methodology outlines PACRA's rating considerations for REIT Fund Rating of Developmental and Hybrid REIT funds.**



1.4 Regulatory Framework: REITs are regulated by the Securities and Exchange Commission of Pakistan (SECP), which has issued a comprehensive set of regulations (REIT Regulations 2015, hereon referred to as "the Regulations"). The Regulations address all aspects of REIT registration, operations, and roles and responsibilities of all parties including the RMC. REITs can be formed under Public and Private Partnership model (referred to as PPP REIT schemes) or otherwise directly or through Special Purpose Vehicles (referred to as non-PPP REIT schemes). As per the Regulations, a non-PPP REIT scheme must be listed on the PSX within three years after its first financial close while in case of PPP REITs, it should be listed no later than after the first year of its commercial operations date. Some salient features of the Regulations are listed in the table below:

Minimum ownership requirement by strategic investor/RMC:	
In case of single strategic investor	25% of fund size
In case of multiple strategic investors	5% of fund size
Permitted borrowing without approval of unit holders	25% of fund size
Application fee for REIT scheme	PKR 0.5 million
Annual Monitoring Fee to SECP (Rental REIT)	0.1% of fund size
Annual Monitoring Fee to SECP (Developmental REIT)	0.2% of fund size
Fee for Hybrid REIT will be a combination of Developmental and Rental components, proportionately	

1.5 Draft Amendments in Regulatory Framework: In end-September 2022, the SECP introduced draft amendments in REIT Regulations 2015[1] which are open for stakeholder comments at the time of this document's publication. The proposed amendments are aimed at introducing new REIT products and decomplicating the registration and approval processes to encourage new entrants and improve industry competitiveness. Following are some of the proposed reforms:

	Current	**Proposed**
Enhancing scope of REIT Assets	Allowed real estate segments: • Non-PPP scheme – residential, industrial and commercial real assets; • PPP scheme – infrastructure	Addition of following real estate segments: agriculture, healthcare, transport, power, energy, telecommunication, water & sanitation, social, cultural & commercial segment
Types of REIT Scheme	• Rental • Developmental • Hybrid	Addition of: "Investment based REIT scheme" with: • Investment in multiple completed real estate units e.g. shops, hotel rooms, offices etc. • Source of return for unit holders would be revenues generated from rental income
Changes in process for launch of REIT Scheme	7 total approvals: • Name reservation • Permission to form RMC • License to perform RMC services • Appointment of trustee and approval of trust deed • Registration of the REIT Scheme	• Various approval-based steps changed to reporting-based • Total number of approvals reduced from 7 to 4 • More responsibility placed with RMC and trustee for various steps

[1]Review of Land Scape & Revamping Framework Real Estate Investment Trusts (REITs): https://www.secp.gov.pk/document/review-of-land-scape-revamping-framework-real-estate-investment-trusts-reits/?wpdmdl=45436&refresh=633a6f121fdbc1664773906
Draft Amendments to REIT Regulations 2015: https://www.secp.gov.pk/document/notification-amendments-in-real-estate-investment-trust-regulations-2015/?wpdmdl=45823&refresh=633a6f12271e61664773906

	• Issuance of units to private investors • Approval of offering document • Issuance of units to the public	
Lock-in period	• RMC/strategic investor required to hold at least 25% of the initial size of the REIT Fund throughout the life of REIT Scheme. • RMC/strategic investor can transfer 10% of the holding to another strategic investors subject to approval of SECP • Requirements for SECP approval to sell remaining holding after lock-in period	• RMC/strategic investor required to hold at least 25% of size of REIT Fund till revocation of fund or listing of schemes which every is earlier • During the lock in period, RMC and Strategic investors can sell their shareholding to other strategic investors with approval of SECP. • Subsequent to lock in period, no approval is required.
Valuation	• Requirement of two valuations at the time of acquisition • Requirement to value real • estate once in every half year, and in case of PPP REIT, at least once in every financial year • Valuation methodologies specified by SECP	• Mandatory requirement of two valuations at the time of acquisition abolished, at discretion of trustee • Valuation to be done on annual basis • Valuer given liberty to decide valuation methodology, while following requirements specified in relevant annexure of Regulations
Transfer of ongoing real estate project to REIT	• No mention	• Ongoing developmental projects can be transferred to the REIT structure subject to fulfilment of specified conditions

1.6 REIT Fund Rating Framework: PACRA follows a comprehensive framework when assigning REIT Fund Rating, comprising both qualitative and quantitative analyses. The factors considered during evaluation include: i) Profile, ii) Economic & Industry Risk, iii) Asset Quality Risk, iv) Financial Risk, and v) Management Review. PACRA attempts to analyze a REIT not only on a standalone basis but also in the relative universe.

1.7 Rating Scale: REIT Fund Rating scale ranges from RFR1 (exceptionally strong likelihood of successful implementation of REIT projects and negligible risk factors impacting value of REIT assets) to RFR5 (weak likelihood of successful implementation of REIT projects and possibility of wide fluctuations in value of REIT assets if changes occur in the economy).

2. Profile

- **Operations:** Type of REIT fund, scope and complexity of operations
- **Portfolio Mix:** Segmental and geographic diversification in portfolio

2.1 Operations: PACRA initiates its assessment by determining whether the REIT fund is developmental or hybrid. This helps PACRA develop an understanding of the scope and complexity of operations to ascertain the types and magnitude of associated risks. REITs which do not wish to acquire fully developed property usually opt for the hybrid structure as this offers maximum flexibility. After acquiring land or partially developed real estate and developing it, the fund may choose to retain some portion for leasing/renting out while selling the rest for capital gains. Compared to Developmental REIT funds, Hybrid REIT funds offer an additional safety cushion of being able to generate rental income from the underlying property if unable to sell within planned timelines or at the target price.

2.2 Portfolio Mix: PACRA looks at composition of the REIT fund's portfolio and degree of diversification therein. A fund with a single underlying property would generally be considered riskier compared to a fund with multiple underlying properties as the risk of disruption due to in returns is likely to be higher in case of the former. This does not entail that a fund specializing in a certain real estate segment would necessarily be at a disadvantage. Nor does it imply that simply higher number of properties would safeguard the fund from low or unstable returns. Where there are multiple properties, PACRA would assess diversification at segment and geographic level. Meanwhile, individual asset quality of each property would be assessed as per the criteria outlined in Section 3 of this methodology, and will be factored proportionately into the rating opinion.

3. Economy & Industry Risk

- **Economic Overview:** Linkage of real estate industry with macroeconomy
- **Industry Dynamics:** Systemic risks and operating environment

3.1 Economic Overview: The real estate industry is strongly correlated with overall economic conditions. Macroeconomic indicators like GDP, manufacturing activity, interest rate environment and favorable policies exhibit a favorable correlation with the real estate demand and, in turn, prices. It is also viewed by investors as a viable investment venue. In a growing economy, with low interest rates, capital availability becomes high, resulting in higher purchasing power and creates interest for investors. Therefore, more commercial real estate projects are likely to be initiated. Interest rates can have a dual impact. In addition to capital access, high interest rates may end up negatively impacting demand for REITs as investors opt for safer investment options such as bank deposits or government securities. Meanwhile, population demographics, urbanization rate and political stability are other important factors when analyzing real estate trends. Budgetary allocation by the government for infrastructure development also plays an important role in the development and growth of the industry as investors are attracted and encouraged to invest through various schemes and incentives.

3.1.1 Conversely, in times of low economic growth, REIT returns may suffer as property prices stagnate and the market becomes illiquid. The rental portion may also get impacted due to likelihood of low occupancy and inability to increase or recover full rental payments. In such conditions, negotiating power of property owners over tenants is also likely to be compromised. PACRA closely monitors economic conditions for indicators of negative movement in the economy and factors the same in its rating assessment.

3.2 Industry Dynamics: PACRA analyzes the real estate industry in context of the local economy and regulatory environment. REITs are a relatively new entrant in Pakistan’s market. However, progressive regulatory reforms in recent years have encouraged several new entrants. At the time of this document’s publication, 15 RMCs have obtained licenses to provide REIT management services while 12 REIT schemes have been registered with the SECP (1 listed). These numbers reflect the addition of 5 RMCs and 6 REIT schemes in just the past year, reflecting the improvement in the sector’s attractiveness for investors.

3.3 The COVID-19 pandemic had a negative impact on commercial properties, especially retail and office buildings. With lower footfall and consumer shift to online shopping and work from home protocols, several malls and commercial buildings faced pressure on tenancy and had to restructure rental agreements. Government focus on the real estate and construction sector, including several incentives packages for the construction industry, ignited strong growth in FY20 and FY21. However, the present high interest rate environment, spiraling inflation and policy uncertainty due to prevailing political turmoil, may create uncertainty for the sector going forward, as investors rush to lower-risk avenues. On the supply side, hikes in energy, fuel and transportation costs coupled with high cost of construction due to currency, has significantly increased the cost of doing business for developers. The slowdown is reflected in declining cement sales, which are a leading indicator for sector activity (cement dispatched for 2MFY23 witnessed a ~35% decline YoY). PACRA follows prevailing economic, regulatory and industry events and trends and duly incorporates it in its analysis and opinion formation.

4. Asset Quality Risk

- **Market Position**: Relative standing among peers in terms of property type, location, infrastructure, physical state
- **Project Risk:** Timely completion, relative size, salability
- **Tenancy Risk:** Tenancy contracts, rates and trends, concentration in tenant base
- **Legal Risk:** Legal title, documentation, transferability, disputes, approvals
- **Third-Party Service Provider Risk:** Servicing agreements, onboarding, performance monitoring and controls
- **Event Risk:** Incorporating risk of unforeseen events

4.1 Market Position: Market position is determined with the perspective of consumer interest for a particular property and is driven by a variety of factors including property type, location, infrastructure dynamics and physical state. Market position ultimately drives the occupancy/salability of a property across changing market dynamics and economic shocks.

- **Type of Property**: Different types of properties exhibit varying degrees of business risk. PACRA expects demand for shopping malls and hotels to be highly sensitive to economic cycles while demand for schools, hospitals, residential and office space, is expected to remain more stable even in an economic downturn, hence providing more comfort to the rating. PACRA recognizes that such relationships may not always hold or be as straightforward. For example, demand for industrial properties like factories and manufacturing plants may show a mixed trend, depending on the demand-supply dynamics of the particular industry and its sensitivity to economic conditions.
- **Geographic Location:** Strategically located properties with close proximity to residential and commercial areas are viewed positively. PACRA analyzes the ongoing and planned development in the area to form a view on demand prospects. Presence of substitute properties or threat of new entrants can impact market position.
- **Infrastructural Dynamics**: Connectivity to well-developed transportation networks for accessibility and availability of utilities (power, gas, water etc.) and parking space is considered favorable.
- **Physical State**: Forming an opinion on the quality of construction and physical condition of a developing property may be a challenge. However, once it is complete, PACRA assesses its age, physical state, amenities and maintenance on an ongoing basis to estimate its useful life and prospects for income generation through renting and/or ultimate sale.

4.2 Project Risk: Project risk is a key consideration for Developmental and Hybrid REIT funds as the value of the REIT is primarily dependent upon timely completion of the project. The degree of project risk may vary depending on whether underlying property is yet to be developed (i.e., only land is acquired) or is partially developed. Such projects are generally sizeable and may take a long time to complete. In this regard, PACRA assess the following:

- **Completion Risk:** Completion of the project in adherence with planned timelines without cost overruns in line with the processes and milestones identified in the business plan is of utmost importance.
- **Relative Size**: If the property is being expanded/renovated under an existing REIT fund, then its relative size compared with the overall size of the REIT fund would indicate the project priority and magnitude of associated risk within the overall rating opinion.
- **Salability**: Risk of sale of the property at the target price is crucial. PACRA assesses whether target pricing corresponds with the target market and if any unique selling point (USP) exists to give a competitive edge and ensure successful sale. PACRA further reviews the plans in place delineating the course of action in the event that the REIT fund is unable to sell the property timely or at the target price. Any formal sales agreements are evaluated. PACRA also analyzes the sales and advances from customers to establish trends and how they can impact, going forward. In case of decreasing demand, PACRA explores the underlying reasons to incorporate the risk of salability of the property into its opinion.

4.3 Tenancy Risk: Once a property has been developed, a Hybrid REIT fund may choose to rent out a portion or all of it. In such cases, it is crucial for PACRA to assess the underlying tenancy agreements, vacancy rates, and profile and diversity of tenant base.

- **Tenancy Agreements**: Longer term tenancy agreements, with prescribed rental increment clauses are viewed favorably since they mitigate the risk of unexpected vacancies and provide stable cashflows. PACRA examines average tenure of the agreements, expiry and opt out clauses, and backup plans if a major tenant leaves unexpectedly.
- **Vacancy Rates**: Higher vacancy rates relative to the industry can be an important indicator of troubles in property management or marketing. PACRA opines whether this is a temporary or one-off occurrence or whether a trend is developing.
- **Tenant Base**: Concentration of revenue among top 5 and top 10 tenants is considered. Less than 10% exposure to the top tenant is considered desirable. High-profile tenants or tenants with good credit ratings generally offer more comfort to the rating due to their financial strength and payment ability.

4.4 Legal Risk: PACRA evaluates the protocols in place for evaluation of legal risk as legal disputes pertaining to property can potentially cause huge losses or even lead to closure of projects or suspension of income. PACRA expects due diligence to be conducted pertaining to the legal status of the property, including ensuring the property is clear from any lien mark, stay orders against the transfer of the legal title, availability of complete documentation and approvals obtained from relevant authorities for real estate development and factors the same in its rating assessment accordingly.

4.5 Third Party Service Provider Risk: An RMC may outsource certain functions related to third parties through Service Level Agreements (SLAs). PACRA considers the quality and terms of engagement for these parties while control mechanisms to monitor their performance and comprehensiveness of related contingency planning are also evaluated. This is important to prevent potential disruption in operations due to negligence or underperformance by service providers which can end up impacting the completion and quality of the property. Some key parties which are scrutinized during this analysis include: Valuer, Development Advisor/Property Manager and External Auditor.

- **Valuer:** The Valuer is appointed with by the RMC (with consent of trustee) for valuation of REIT assets. PACRA assesses the independence of the Valuer, its listing position on the panel of valuers maintained by Pakistan Banks' Association (PBA), and experience in the field since the valuation of the property is a key determinant of ultimate sale and returns to unitholders.
- **Development Advisor/Property Manager:** For Developmental REITs, a development advisor is appointed by the RMC for planning, design, costing, scheduling, contract preparation, coordination and supervision. Meanwhile, a Property Manager may be appointed for Hybrid REITs for managing and maintaining the rental component. Experience, track record and market reputation of the designated personnel/entities is considered to determine their ability to ensure timely completion, maintenance and upkeep of the property. PACRA reviews the degree of oversight and supervision and related MIS shared. Similarly, project management software and tools deployed and Standard Operating Procedures (SOPs) followed are examined.
- **REIT Auditor:** Assessing the quality of the REIT auditor is crucial to establish the integrity of its financial statements and reporting. PACRA reviews whether the external auditor is on the panel of approved auditors maintained by the State Bank of Pakistan and/or has a satisfactory QCR rating to form its opinion.

4.6 Event Risk: Incorporating the risk of unforeseen events that can cause a disaster, into a rating opinion is challenging, given their unpredictable nature. However, their potential impact makes them a consideration. These events may be external (economic changes, regulatory changes, litigations, or natural disasters such as earthquakes, landslides or flooding) or internally driven (unrelated diversification or strategic restructuring) and can lead to material changes in the risk profile of the REIT fund. PACRA evaluates any third-party guarantees or insurance arrangements in place to mitigate such risks. PACRA also applies its analytical judgment in assessing the likelihood of such occurrences and potential impact, insofar as may be possible, and assesses the REIT fund's track record, expertise of RMC and level of financial discipline to incorporate the same into its ratings.

5. Financial Risk

- **Financing Arrangements**: Ability to raise cash, strategic investors' financial profile, liquid assets, marketability of underlying property
- **Cashflows & Coverages:** Quantum and stability of cashflows, coverage of costs
- **Capital Structure:** Leveraging, financial flexibility

5.1 Financing Arrangements: Developmental and Hybrid REITs need to develop a property fully before being able to generate any income from it. This means that adequacy of financing arrangements to manage capital expenditures and cover cost overruns while ensuring timely completion in line with construction schedule, is crucial. The REIT's ability to raise cash, whether through the strategic investor or externally, would be under scrutiny. PACRA would assess whether the strategic investor has equity arrangements in place while their credit profile would also be a factor. Existence of liquid assets, available borrowing lines and access to capital markets to finance project completion and cover incurrence of unexpected costs (e.g., financial penalties or fines from legal authorities or third parties) would be given special consideration. For an operational REIT fund, the quality of the developed property factors in as an important potential cash source since a highly demanded property in an attractive location is likely to be easier to dispose timely to support cash needs. However, PACRA would also consider that disposing high yield assets may ultimately end up diminishing returns to unitholders.

5.2 Cashflows & Coverages: High-end properties (in terms of location, amenities, and physical state) are likely to generate higher cash flows when they are ultimately sold or rented out, and hence higher returns. For rental component of Hybrid REIT funds, longer tenure of rent agreements and/or regular rent renewal clauses along with a well-diversified tenant base are likely to result in more stable cash flows. PACRA would assess how the REIT manages cashflows given the liquidity constraints posed by high dividend distribution requirement to maintain tax free status. Key cash flow measures used by PACRA include a REIT's Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO) where AFFO accounts for the impact of ongoing maintenance expenses, gain or loss on sale of property and capital expenditure. and impact of any rent increases PACRA further analyzes the adequacy of coverage provided by cash flows to outstanding costs, including debt principal and interest payments.

5.3 Capital Structure: PACRA analyzes capital structure to determine a REIT's reliance on external financing. While there is no absolute ceiling for borrowing stipulated by the Regulations, from a rating perspective, REITs with conservative leveraging are viewed favorably. This is because higher borrowing and debt repayment leads to drain of cash resources which impacts the REIT's ability to adapt to changing economic conditions or sustain shocks in business. Ultimately, financial flexibility becomes limited as do returns to unitholders due to pressure on performance and profits.

6. Management Review

- **RMC Rating:** Quality of REIT manager is determined under

6.1 The ability of a REIT fund to meet its investment objectives and adhere to stated policies depends on the RMC's expertise and quality of support systems. Therefore, an assessment of the RMC's qualification, experience, capabilities and track record are an integral part of the

PACRA's REIT Manager Rating methodology

rating process. The assessment of management quality may also provide a basis of how the fund might respond to future opportunities or stress situations under different market conditions.

6.2 RMC Rating: Opinion on quality of the RMC is directly derived from the RMC Rating, the criteria for which is detailed in PACRA's REIT Manager Rating methodology. During the evaluation process, PACRA reviews the policies and procedures developed by the management to meet its investment objectives and assesses the efficacy of the investment management process, the supporting organizational structure, internal controls, risk management, and reporting systems.

6.3 Analysis of arrangements with and quality of third-party services providers is conducted. Adequacy of the resources and appropriate segregation of duties to prevent conflict of interest is considered positively. Further, the profile of the RMC management team is assessed in terms of relevant experience and track record. A key measure of management effectiveness is its track record of delivering on past projections and sticking to strategies defined in its business plan. Investment process and quality of underlying research are also key considerations.

6.4 To determine the REIT fund's level of risk tolerance and confirming harmony in fund's stated objectives and the REIT manager's investment philosophy in future course of action, discussions with the RMC regarding investment strategy and outlook on business and industry are a vital part of the rating process. The framework deployed to ensure compliance with regulatory requirements and its actual effectiveness would likewise be an important consideration.

REIT Fund Rating (RFR)

An independent opinion on a Development or Hybrid REIT fund's likelihood of succesful implementation of REIT projects and risk factors impacting value of REIT assets.

Scale	Definition
RFR1	**Exceptionally Strong.** Exceptionally Strong likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets are negligible over the foreseeable future.
RFR2++ RFR2+ RFR2	**Very Strong.** Very Strong likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets are modest over the foreseeable future.
RFR3++ RFR3+ RFR3	**Strong.** Strong likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets may vary with possible changes in the economy over the foreseeable future.
RFR4++ RFR4+ RFR4	**Adequate.** Adequate likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets are sensitive to changes in the economy over the foreseeable future.
RFR5	**Weak.** Weak likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets are capable of fluctuating widely if changes occur in the economy.

Outlook (Stable, Positive, Negative, Developing) Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business/financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'.

Rating Watch Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion.

Suspension It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn.

Withdrawn A rating is withdrawn on a) termination of rating mandate, b) cessation of underlying entity, c) the debt instrument is redeemed, d) the rating remains suspended for six months, e) the entity/issuer defaults., or/and f) PACRA finds it impractical to surveill the opinion due to lack of requisite information

Harmonization A change in rating due to revision in applicable methodology or underlying scale.

Surveillance. Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening.