



## The Pakistan Credit Rating Agency Limited

### Rating Report

## JS Investments Limited | RMR

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#### Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
08-Jan-2025	RM 3	-	Positive	Maintain	-
27-Jun-2024	RM 3	-	Stable	Maintain	-
27-Jun-2023	RM 3	-	Stable	Maintain	-
30-Jun-2022	RM 3	-	Stable	Initial	-

#### Rating Rationale and Key Rating Drivers

The assigned rating JS Investments Limited (“JSIL-RMC” or the “Company”) reflects a highly experienced and skilled team, robust governance framework, strong risk and compliance management, and disciplined and well-structured investment process of the Company. The positive outlook assigned to JS Investments Limited also reflects its sustained growth and the anticipated increase in REIT management fees, driven by the expanded fund size of the rental REIT. The Company’s focus on building a technology platform and revenue stability through a diversified product mix, including fee income from CIS, REIT, and SMAs, bodes well for the assigned rating. The building under the Fund called “The Center” is situated at Abdullah Haroon Road, near Zainab Market. The property is in a prime commercial zone of Karachi surrounded by government buildings and corporate offices. During the year, the Company added five additional floors (9th–13th) to the rental REIT, increasing the fund size from PKR 791mln to PKR 2.2bln and bringing the total number of floors under the REIT to seven (9th-13th, 19th and 20th). The Tenancy agreements for the newly added floors are currently under negotiation. Meanwhile, the 19th and 20th floors, rented to group companies, boast a strong tenant profile.

As of CY23, the Company earned a management fee of PKR 258mln from the collective investment scheme (CIS) including PKR 7.9mln from Rental REIT Fund (Dec’2022: PKR 173mln including PKR 3.9mln from Rental REIT Fund). During 9MCY24, the Company reported a 100% increase in management fee, reaching PKR 343mln (9MCY23: PKR 171mln). Supported by higher core revenues, realized/unrealized investment gains, and dividend income, profitability rose to PKR 256mln (9MCY23: PKR 117mln). The Company’s equity stood at PKR 1.9bln as of 9MCY24 (CY23: PKR 1.7bln). The liquidity position remains comfortable. JS Investments Limited also has licenses for asset management, private equity, and venture capital to further support the core income. The rating finds comfort in the potential synergies from JSIL-RMC’s association with JS Bank Limited and the established presence of JS Group in the financial sector.

The rating is dependent upon the Company’s ability to sustain its market share and uphold strong investment processes and control environment. Meanwhile, retention of key management, sound governance practices, and consistent performance of funds is critical. Any sustained downturn in fund performance and/or significant loss in market share will impact the rating.

#### Disclosure

<b>Name of Rated Entity</b>	JS Investments Limited   RMR
<b>Type of Relationship</b>	Solicited
<b>Purpose of the Rating</b>	REIT Manager Rating Rating
<b>Applicable Criteria</b>	Methodology   Rating Modifiers(Apr-24),Assessment Framework   REIT Manager Rating(Oct-24)
<b>Related Research</b>	Sector Study   Real Estate(Jun-24)
<b>Rating Analysts</b>	Madiha Sohail   madiha.sohail@pacra.com   +92-42-35869504



## Profile

**Background** JS Investments Limited ("JS-RMC" or the "Company") is a Public Listed Company, licensed by SECP to carry out REIT Management Services and Asset Management Services in accordance with NBFC Rules, 2003 and REIT Regulations, 2015. The Company was incorporated in Pakistan on February 22, 1995 under the Companies Ordinance 1984. The Company is a subsidiary of JS Bank Limited which is a subsidiary of Jahangir Siddiqui & Co. Limited (JSCL), Ultimate Parent. The Company launched a Rental REIT fund with initial fund size of ~PKR 658mln.

**Market Share** Pakistan's real estate sector faced challenges in FY24, including high interest rates, slow construction progress, and new 2024-25 budget regulations (revised property taxes and capital gains tax), delaying sector recovery and reducing investor confidence. The 2024-25 budget also introduced tax rebates for LEED-certified green projects and developer credits for affordable housing. REITs benefit from tax-exempt dividends and reduced corporate tax rates. These reforms aim to drive growth, attract long-term investments, and promote sustainability, though their full market impact remains uncertain. As of June 2024, the industry includes 29 RMCs with total assets of PKR ~14.45bln (~0.3% of NBFC assets), up from 24 RMCs with PKR ~12.60 billion (~0.4%) in Dec'2023.

**Fund Mix** The Company launched the closed-end Rental REIT Fund "JS Rental REIT Fund" at the end of June 2022. JS Lands (Pvt.) Limited is the sole strategic investor of the Fund.

## Ownership

**Ownership Structure** JSIL is a subsidiary of JS Bank Limited (JSBL), which holds an 84.56% stake, while the remaining 15.44% is owned by financial institutions and the general public.

**Stability** JS Group is engaged in a diverse set of activities with its focus on the financial sector, including asset management, securities and commodities brokerage, commercial banking, and insurance.

**Business Acumen** JSBL is a subsidiary (75.02%) of Jahangir Siddiqui & Co. Limited (JSCL). The business acumen of the Bank is considered strong. JSCL is the holding Company of JS Group.

**Financial Strength** JSBL has an unconsolidated asset base of PKR 680bln at end-Sep'24 accompanied by equity of PKR 43bln. The long-term credit rating of JSBL is 'AA' and the short-term rating is 'A1+'.

## Governance

**Board Structure** JSIL-RMC's control vests in eight-member Board of Directors including the CEO. The Board comprises three independent directors, with all others, except the CEO, being non-executive.

**Members' Profile** The Chairperson, Mr. Suleman Lalani, also serves as group president of JSCL. He has 25 years of financial services experience, including seven years as Executive Director of Finance & Operations, Company Secretary, and CFO at JSIL. The Board averages 30 years of diverse expertise in banking, finance, investments, microfinance, acquisitions, restructuring, and international marketing, with members showcasing strong industry-relevant profiles.

**Board Effectiveness** To maintain an effective control environment and ensure compliance with reporting standards, JSIL has established an Audit Committee, HR Committee, and Executive Risk Management Committee at the Board level. These committees operate under Board-approved Terms of Reference (TORs).

**Transparency** JSIL has outsourced its internal audit function to M/S BDO Ebrahim & Co. for effective control monitoring. The external auditors, M/S KPMG Taseer Hadi & Co., hold a satisfactory QCR rating and are classified in the 'A' category on the SBP Panel of Auditors. They issued an unmodified review report for the year ended Dec'2023.

## Management

**Organizational Structure** JSIL has a well-defined organizational structure based on eight departments, i) HR and Administration, ii) Compliance and Risk Management, iii) Business Development, iv) Investments and Research, v) Information Technology, vi) Finance, vii) Internal Audit and viii) Operations.

**Management Team** JSIL's management team, led by CEO Ms. Iffat Zehra Mankani since April 2021, brings over 20 years of experience across public and private markets. She previously served at PwC Canada's Deals Advisory team, specializing in financial instruments and private debt valuations. Mr. Musab Iqbal, Vice President-REIT, leads the REIT Department with extensive experience in multinational real estate advisory, project feasibility, valuation, acquisitions, divestments, and development recommendations for projects of all scales.

**Management Effectiveness** JSIL-RMC offers advanced IT infrastructure with a Tier III data center, top-tier firewall security, high-speed L2/L3 connectivity, a trusted ERP system, intuitive customer portals, and BI-powered MIS reports for seamless operations.

**Oversight Of Third-Party Service Providers** The valuation of the property is conducted by Oceanic International Pvt Limited. While Digital Custodian Company Limited is the trustee of the scheme. Grant Thornton is the external auditor of the Fund while the legal advisor are HaiderMota & Co.

**Control Environment** The compliance and risk management department is being led by Mr. Malik Zafer Javaid. The department ensures compliance with all applicable statutory regulations and internal investment guidelines. Segregation of these functions, in line with best practices, along with minimizing overlap in others is important to strengthen the control environment.

## Investment Risk And Portfolio Management

**Investment Risk Management** A strong risk management framework, monitoring culture and platform are the hallmark of a seasoned and mature RMC. The investment decision making process is well-structured with the CEO providing critical support. The members of investment committee also include the CIO, COO + Company Secretary and Fund Managers.

**Investment Decision Making** The investment committee reviews the investment strategy. Induction of an independent research head has further enhanced effectiveness.

**Investment Research & Analysis** The research department, which falls under the purview of the CIO, is headed by Mr. Aijaz Ali. He possesses years of experience in equity research. Currently, his team comprises two qualified research analysts and a database manager.

## Customer Relationship

**Investor Services** JSIL-RMC has establish investor services platform for investor education and facilitation.

**Investor Reporting** The information provided to investors is communicated through regular reporting in light of its comprehensiveness, clarity, consistency, accuracy and timing.

**Distribution & Sales Network** The JS-RMC marketing strategies, well-structured sales team and association with other players in the real estate industry would be examined.

## Investment Performance

**REIT Funds Under Management** The Fund size at the end of Sep'24 stood at PKR 2,237mln. The site has a land area of 3,988 sq.yds, whereas each floor has an area of 11,610 sq.ft. The structure is relatively new and consists of 22 floors including parking, MEP and a lobby. During the year, the Company added five additional floors (9th-13th) to the rental REIT, increasing the fund size from PKR 791mln to PKR 2.2bln and bringing the total number of floors under the REIT to seven (9th-13th, 19th and 20th).

**Performance** Achieving competitive investment results to sustain and improve REIT funds is the principal objective of an JS-RMC and would remain imperative for the rating. In long run, the REIT funds of an JS-RMC with noted strengths will usually be superior or at par with peers.

**Financial Sustainability** During 9MCY24, the Company reported PAT of PKR 256mln in 9MCY24 (SPLY: PKR 117mln). The equity base of the Company was PKR 1.9bln as of Sep'24 (SPLY: PKR 1.5bln). The JSIL AMC had AUMs of PKR 75bln at end of Sep'24. (Sep'23: ~PKR 51bln) and JSIL-RMC had PKR ~2,237mln as of Sep'24 (Sep'23: 736mln). The rating of JS Investment Limited (JSIL) has been upgraded from AM2+ to AM2++ on November 30, 2024.



The Pakistan Credit Rating Agency Limited

JS Investment Limited  
Public Listed Limited

PKR mln

Sep-24 Dec-23 Dec-22 Dec-21  
9M 12M 12M 12M

## A BALANCE SHEET

1 Earning Assets	1,654	1,437	1,176	1,382
2 Non-Earning Assets	786	686	596	603
<b>3 Total Assets</b>	<b>2,440</b>	<b>2,122</b>	<b>1,772</b>	<b>1,985</b>
4 Total Borrowing	200	184	238	269
5 Other Liabilities	319	272	178	173
<b>6 Total Liabilities</b>	<b>519</b>	<b>457</b>	<b>416</b>	<b>442</b>
<b>7 Shareholders' Equity</b>	<b>1,921</b>	<b>1,665</b>	<b>1,355</b>	<b>1,504</b>

## B INCOME STATEMENT

1 Investment Income	634	642	197	53
2 Operating Expenses	(316)	(384)	(356)	(332)
<b>3 Net Investment Income</b>	<b>318</b>	<b>258</b>	<b>(159)</b>	<b>(279)</b>
4 Other Income	3	23	45	25
5 Total Income	321	281	(114)	(254)
6 Other Expenses	-	-	-	-
7 Total Finance Cost	(22)	(27)	(28)	(34)
<b>8 Profit Or (Loss) Before Taxation</b>	<b>299</b>	<b>254</b>	<b>(142)</b>	<b>(289)</b>
9 Taxation	(44)	56	(8)	(11)
<b>10 Profit After Tax</b>	<b>256</b>	<b>310</b>	<b>(149)</b>	<b>(300)</b>

## C RATIO ANALYSIS

### 1 Investment Performance

i. Investment Income / Average AUMs	N/A	N/A	N/A	N/A
ii. ROE	19.0%	20.5%	-10.4%	-19.9%
iii. ROA	15.0%	15.9%	-7.9%	-15.1%

### 2 Financial Sustainability

i. Coverages				
a. Total Borrowing / EBITDA	N/A	N/A	N/A	N/A
b. EBITDA / Finance Cost	0.00%	0.00%	0.00%	0.00%
ii. Capitalization				
a. Total Borrowing / (Total Borrowing + Shareholders' Equity)	9.4%	10.0%	14.9%	15.2%

REIT Manager Rating Scale				
An independent opinion on a REIT Manager's quality of investment and operations management.				
Scale	Definition			
<b>RM1</b>	<b>Very high</b> quality of investment and operations management.			
<b>RM2++</b> <b>RM2+</b> <b>RM2</b>	<b>High</b> quality of investment and operations management.			
<b>RM3++</b> <b>RM3+</b> <b>RM3</b>	<b>Good</b> quality of investment and operations management.			
<b>RM4++</b> <b>RM4+</b> <b>RM4</b>	<b>Adequate</b> quality of investment and operations management.			
<b>RM5</b>	<b>Weak</b> quality of investment and operations management.			
<p><b>Outlook (Stable, Positive, Negative, Developing)</b> 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'.</p>	<p><b>Rating Watch</b> 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.</p>	<p><b>Suspension</b> 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.</p>	<p><b>Withdrawn</b> A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults., or/and e) PACRA finds it impractical to surveill the opinion due to lack of requisite information.</p>	<p><b>Harmonization</b> A change in rating due to revision in applicable methodology or underlying scale.</p>
<p><b>Surveillance.</b> 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.</p>				

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- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA [Annexure F; d-(ii)] Explanation: for the purpose of above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee

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- (19) PACRA reviews all the outstanding ratings periodically, on annual basis; Provided that public dissemination of annual review and, in an instance of change in rating will be made; | Chapter III | 17-(b)
- (20) PACRA initiates immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating; | Chapter III | 17-(c)
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