The Pakistan Credit Rating Agency Limited

Rating Report

JS Rental REIT

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
02-Jan-2026	A+(rr)	-	Positive	Maintain	-
03-Jan-2025	A+(rr)	-	Positive	Maintain	-
03-Jan-2024	A+(rr)	-	Stable	Maintain	-
03-Jan-2023	A+(rr)	-	Stable	Initial	-
30-Jun-2022	A+(rr)	-	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

The JS Rental REIT Fund (or the "Fund"), a perpetual closed-end scheme, aims to provide stable returns through investments in fully developed, income-generating real estate assets in Pakistan. The assigned rating incorporates stable returns, a strong tenant profile, and adequate occupancy levels. The RMC's sound governance, an experienced management team, and an adequate control environment bode well for the assigned rating. The compliance function ensures adherence to all applicable internal and external rules and regulations. The JSIL-RMC is deriving its core income from its dominating asset, "The Centre". The building targeted for the REIT scheme is located on Abdullah Haroon Road, Saddar, Karachi. The site has a land area of 3,988 sq. yds. The building is a state of the art with branded lifts installed, an HVAC plant, and the latest security structure, along with ample car parking space, a cafeteria, and a gym. Out of the total 22 floors, with the ground and mezzanine floor dedicated to the shopping mall, six floors are parking floors, the 8th floor is MEP, and the 9th-12th floors are currently vacant. The investors of the JS Rental REIT Fund include JS Lands (Private) Limited, which holds a majority stake of 94.38% of the Fund’s units, while the remaining 5.62% units are held by JS Investments Limited. JS Investments Limited-RMC added five additional floors (9th–13th) to the rental REIT, increasing the fund size from PKR 658 million to PKR 2.2 billion as of Sep’25 and expanding the total floors under the REIT from two (19th and 20th) to seven (9th–13th, 19th, and 20th). The 13th floor has been leased to REGUS, a globally recognized provider of flexible workspace solutions with a diversified corporate clientele, supporting stable rental cash flows; the lease agreement includes an annual rental increment of 10%. The 20th floor is rented to Energy Infrastructure Pakistan Holding Limited (EIPHL), a private holding company and a wholly owned subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL), engaged in strategic investments across the energy and allied sectors, with a 5% annual rental increment. The rental agreements for the remaining floors are in process.
The JSIL-RMC is primarily deriving its core income from management fees, which stood at PKR 1.7mln as of Sep’25 (Sep’24: PKR 1.8mln). During the period under review, the REIT reported a loss after tax of PKR 49mln in Sep’25, compared to a profit of PKR 3.6mln in Sep’24, mainly reflecting higher expenses and valuation-related adjustments. The equity base remained unchanged at PKR 2,167mln as of Sep’25 (Sep’24: PKR 2,167mln), providing balance sheet stability. Meanwhile, total assets increased to PKR 2,324mln in Sep’25 from PKR 2,281mln in Sep’24, indicating balance sheet expansion during the period.

The rating would remain dependent on the sustainability of the JSIL-RMC, successful fundraising, achievement of milestones, and listing of the Fund. Successful completion of each project falling under the REIT scheme and the generation of the expected return would remain critical for rating. Moreover, upholding the governance framework is vital.

Disclosure

Name of Rated Entity	JS Rental REIT
Type of Relationship	Solicited
Purpose of the Rating	Rental REIT Fund Rating
Applicable Criteria	Methodology | Rating Modifiers(Apr-25),Assessment Framework | Rental REIT Fund Rating(Oct-25)
Related Research	Sector Study | Real Estate(May-25)
Rating Analysts	Madiha Sohail | madiha.sohail@pacra.com | +92-42-35869504

Profile

Portfolio Mix JS Investments Limited ("JSIL-RMC" or the "Company") launched a Rental REIT fund at the end of June 2022. The initial fund size was ~PKR 658mln, which stood at PKR 2,297mln at the end of Sep'25. The site has a land area of 3,988 sq yds, whereas each floor has an area of 11,610 sq. ft. The structure consists of 22 floors with a helipad on the rooftop. The investors of the JS Rental REIT Fund include JS Lands (Private) Limited, which holds a majority stake of 94.38% of the Fund's units, while the remaining 5.62% units are held by JS Investments Limited.

Economic & Industry Risk

Economic Overview Pakistan's real estate and construction sector showed improvement in FY25, supported by easing inflation, lower interest rates, and a more stable macroeconomic backdrop. While early-year activity was subdued due to high costs and weak demand, recovery is progressing as investment flows stabilize, PSDP (Public Sector Development Programme) spending strengthens, and government measures— including expected tax relief—boost sector activity. Overall, improving financing conditions and sentiment are driving a steady recovery through FY25. Going forward, the real estate sector in the country is entering a new era shaped by sustainability, technology, and government-driven reforms. At the same time, mixed developments that combine residential, commercial, and retail spaces are becoming common to attract investors.

Industry Dynamics As of Sep'25, ~34 RMCs are registered with the SECP with total assets amounting to PKR~15.06bln (~0.2% NBFCs' total assets) (Jun'25: ~32 RMCs with PKR~15.04bln in assets or ~0.3% of NBFCs' total assets).

Asset Quality Risk

Market Position The subject building, named "The Center" under the Fund, 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. The property is owned by JS Lands Private Limited.

Tenancy Risk The Centre is a 22-storey building, with the ground and mezzanine floors dedicated to a shopping mall, while six floors are designated for parking. During the year, the Company added five additional floors (9th–13th) to the Rental REIT, increasing the fund size from PKR 658 million to PKR 2.2 billion and bringing the total number of floors under the REIT to seven (9th–13th, 19th, and 20th). Tenancy agreements for some of the newly added floors are currently under negotiation. Meanwhile, the 19th and 20th floors are rented to group companies, with the 20th floor is rented to Energy Infrastructure Pakistan Holding Limited (EIPHL), a private holding company and a wholly owned subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL), engaged in strategic investments across the energy and allied sectors, with a 5% annual rental increment. Additionally, the 13th floor has been leased to Regus, a leading global provider of flexible workspace solutions with a diversified multinational client base, enhancing the tenant mix and quality. Overall, the REIT currently reports an occupancy level of approximately ~43%, which is expected to improve as negotiations for the remaining floors are concluded.

Legal Risk The subject property is clear from any lien mark and stay orders against the transfer of the legal title.

Third-Party Service Provider Risk The valuation of the property is conducted by Savills. While Digital Custodian Company Limited is the trustee of the scheme. JS Rental REIT's external auditor is Grant Thornton, while Bawaney & Partners serves as the legal advisor.

Event Risk The subject property is insured by Indemnifier Insurance Pvt Limited, a reputable private insurance company in Pakistan offering a range of commercial and property insurance products, ensuring protection against potential risks and supporting the asset's overall risk management framework.

Financial Risk

Cashflows The property is situated at one of the prime locations of Karachi and has a strong market position. While the existing tenants, JS Global Capital and JS Investments Limited, are financially strong and generate stable cash flows, the newly added tenants, REGUS and Energy Infrastructure Pakistan Holding Limited (EIPHL), further strengthen the property's tenant profile. Special consideration would be given to the existence of liquid assets, available borrowing lines, and access to capital markets to sustain ongoing operations, including proper maintenance and upkeep of the properties and all related services and amenities, and cover the incurrence of unexpected costs (e.g., financial penalties or fines from legal authorities or third parties).

Coverages Key cash flow measures include a REIT's Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO), where AFFO accounts for the impact of ongoing maintenance expenses, capital expenditure, and the effect of rent increases and advances received from tenants. The analysis also assesses the adequacy of cash flows in covering outstanding costs, including debt principal and interest payments.

Capital Structure The equity base of JS Rental REIT remained stable at PKR 2,167 million as at the end of 9MCY25 (9MCY24: PKR 2,167 million). Despite no change in equity levels, the REIT's total asset base expanded to PKR 2,324 million in 9MCY25 from PKR 2,281 million in 9MCY24, reflecting asset additions and/or valuation uplift during the period.

Management Review

REIT Manager JS Investments Limited (JSIL-RMC) was established in 1995 and is listed on the Pakistan Stock Exchange. The Company is part of the Jahangir Siddiqui (JS) Group, with JS Bank Limited holding approximately 85% shareholding. JS Investments holds licenses for Asset Management, Investment Advisory, Private Equity, Venture Capital, and REIT Management Services, and also acts as a Pension Fund Manager under the Voluntary Pension System Rules, 2005. JSIL-RMC manages REITs and is expanding its platform with the launch of the JS Hotel REIT, a Shariah-compliant fund with an initial size of PKR 7.5 billion. The REIT will follow a hybrid model combining rental and development income, anchored by the Hilton Hotel in Hyderabad, offering investors exposure to a diversified and income-generating real estate platform. During 9MCY25, the Company reported a PAT of PKR 370 million (SPLY: PKR 256 million).

The Pakistan Credit Rating Agency Limited

	Sep-25	Dec-24	Dec-23	Dec-22
JS Investments Limited				*PKR mln*
Public Listed Company	9M	12M	12M	12M
	Management	Audited	Audited	Audited
A BALANCE SHEET				
1 Earning Assets	2,933	2,747	1,437	1,176
2 Non-Earning Assets	919	835	686	596
3 Total Assets	3,852	3,581	2,122	1,772
4 Total Borrowing	939	1,092	184	238
5 Other Liabilities	431	378	272	178
6 Total Liabilities	1,370	1,470	457	416
7 Shareholders' Equity	2,482	2,112	1,665	1,355
B INCOME STATEMENT				
1 Investment Income	1,202	1,009	642	197
2 Operating Expenses	(589)	(496)	(384)	(356)
3 Net Investment Income	612	513	258	(159)
4 Other Income	8	7	23	45
5 Total Income	621	520	281	(114)
6 Other Expenses	-	-	-	-
7 Total Finance Cost	(91)	(32)	(27)	(28)
8 Profit Or (Loss) Before Taxation	530	489	254	(142)
9 Taxation	(160)	(40)	56	(8)
10 Profit After Tax	370	449	310	(149)
C RATIO ANALYSIS				
1 Investment Performance				
i. Investment Income / Average AUMs	N/A	N/A	N/A	N/A
ii. ROE	21.5%	23.8%	20.5%	-10.4%
iii. ROA	13.3%	15.7%	15.9%	-7.9%
2 Financial Sustainability				
i. Coverages				
a. Total Borrowing / EBITDA	N/A	N/A	N/A	N/A
b. EBITDA / Finance Cost	N/A	N/A	N/A	N/A
ii. Capitalization				
a. Total Borrowing / (Total Borrowing + Shareholders' Equity	27.5%	34.1%	10.0%	14.9%

Rental REIT Fund Rating

Opinion on the relative capacity of a Rental REIT fund to maintain stable rental income and risk factors impacting value of REIT assets.

Scale	Long-Term Rating
AAA (rr)	Exceptionally strong capacity to maintain stable rental income. Risk factors impacting value of REIT assets are considered negligible over the foreseeable future.
AA+ (rr) **AA (rr)** **AA- (rr)**	Very strong capacity to maintain stable rental income. Risk factors impacting value of REIT assets are modest over the foreseeable future.
A+ (rr) **A (rr)** **A- (rr)**	Strong capacity to maintain stable rental income. Risk factors impacting value of REIT assets are modest over the foreseeable future.
BBB+ (rr) **BBB (rr)** **BBB- (rr)**	Adequate capacity to maintain stable rental income. Risk factors impacting value of REIT assets are modest over the foreseeable future.
BB+ (rr) **BB (rr)** **BB- (rr)**	Inadequate capacity to maintain stable rental income. Risk factors impacting value of REIT assets are high.
B (rr)	Weak capacity to maintain stable rental income. Risk factors impacting value of REIT assets are very high.

Rating Modifiers | Rating Actions

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) 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 surveil 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. Rating actions may include "maintain", "upgrade", or "downgrade".

Regulatory and Supplementary Disclosure
(Credit Rating Companies Regulations,2016)

Rating Team Statements
(1) Rating is just an opinion about the creditworthiness of the entity and does not constitute recommendation to buy, hold or sell any security of the entity rated or to buy, hold or sell the security rated, as the case may be | Chapter III; 14-3-(x)

2) **Conflict of Interest**
i. The Rating Team or any of their family members have no interest in this rating | Chapter III; 12-2-(j)
ii. PACRA, the analysts involved in the rating process and members of its rating committee, and their family members, do not have any conflict of interest relating to the rating done by them | Chapter III; 12-2-(e) & (k)
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

Restrictions
(3) No director, officer or employee of PACRA communicates the information, acquired by him for use for rating purposes, to any other person except where required under law to do so. | Chapter III; 10-(5)
(4) PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during business relationship with the customer | Chapter III; 10-7-(d)
(5) PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of entity subject to rating | Chapter III; 10-7-(k)

Conduct of Business
(6) PACRA fulfills its obligations in a fair, efficient, transparent and ethical manner and renders high standards of services in performing its functions and obligations; | Chapter III; 11-A-(a)
(7) PACRA uses due care in preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verifies or validates information received in the rating process or in preparing this Rating Report | Clause 11-(A)(p).
(8) PACRA prohibits its employees and analysts from soliciting money, gifts or favors from anyone with whom PACRA conducts business | Chapter III; 11-A-(q)
(9) PACRA ensures before commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest; | Chapter III; 11-A-(r)
(10) PACRA maintains principal of integrity in seeking rating business | Chapter III; 11-A-(u)
(11) PACRA promptly investigates, in the event of a misconduct or a breach of the policies, procedures and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence along with suitable punitive action against the responsible employee(s) | Chapter III; 11-B-(m)

Independence & Conflict of interest
(12) PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA´s opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity and independence of its ratings. Our relationship is governed by two distinct mandates i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and fee mandate - signed with the payer, which can be different from the entity
(13) PACRA does not provide consultancy/advisory services or other services to any of its customers or to any of its customers' associated companies and associated undertakings that is being rated or has been rated by it during the preceding three years unless it has adequate mechanism in place ensuring that provision of such services does not lead to a conflict of interest situation with its rating activities; | Chapter III; 12-2-(d)
(14) PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA; | Reference Chapter III; 12-2-(f)
(15) PACRA ensures that the rating assigned to an entity or instrument is not be affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship | Chapter III; 12-2-(i)
(16) PACRA ensures that the analysts or any of their family members shall not buy or sell or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause shall, however, not be applicable on investment in securities through collective investment schemes. | Chapter III; 12-2-(l)
(17) PACRA has established policies and procedure governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation or any other market abuse | Chapter III; 11-B-(g)

Monitoring and review
(18) PACRA monitors all the outstanding ratings continuously and any potential change therein due to any event associated with the issuer, the security arrangement, the industry etc., is disseminated to the market, immediately and in effective manner, after appropriate consultation with the entity/issuer; | Chapter III | 17-(a)
(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)
(21) PACRA engages with the issuer and the debt securities trustee, to remain updated on all information pertaining to the rating of the entity/instrument;| Chapter III | 17-(d)
Probability of Default
(22) PACRA´s Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA´s transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA´s Transition Study available at our website. (www.pacra.com). However, actual transition of rating may not follow the pattern observed in the past; | Chapter III | 14-3(f)(vii)
Proprietary Information