



The Pakistan Credit Rating Agency Limited

Rating Report

Mukab REIT Management Company Limited

Report Contents

1. Rating Analysis
2. Financial Information
3. Rating Scale
4. Regulatory and Supplementary Disclosure

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
07-Jan-2026	RM 4	-	Stable	Initial	-

Rating Rationale and Key Rating Drivers

The assigned rating reflects Mukab REIT Management Company Limited's ("RMC" or the "Company") adequate capital structure, experienced sponsor profile, and adequate governance structure. Mukab REIT is backed by the Falaknaz family, which carries over five decades of experience in real estate development and has successfully delivered more than 50 projects across Karachi and Islamabad, spanning affordable to premium segments. The RMC has been established as a professionally managed and transparent real estate investment platform to transition traditional, family-owned real estate development activities into a regulated REIT framework. The structure is aimed at enhancing governance visibility, investor confidence, and long-term scalability while providing retail investors access to real estate investments. The RMC is in the process of launching its first fund, the "Mukab Falaknaz REIT Fund", with an expected fund size of PKR 7.5 billion. The fund would be comprised of two projects, i) Falak Naz 9th Avenue and ii) Falaknaz Tiara in Jinnah Avenue, Karachi, and DHA VII, Korangi, Karachi, respectively. Both projects are located in Karachi. All major pre-construction requirements, including land payments, title clarity, zoning approvals, and NOCs, have been completed. Construction activities are expected to commence shortly following the completion of the remaining procedural formalities. The strategic investor is expected to retain approximately 50% unit holding, while the remaining portion is planned to be raised from financial institutions, high-net-worth individuals, and private investors, supporting a gradual transition toward a broader investor-owned structure. The proposed Development REIT will initially focus on a mixed-use project, comprising commercial space at the ground level and residential units on the upper floors. The development model is expected to diversify income streams through rentals and sales, thereby improving the overall risk-return profile. Sponsor strength remains an important consideration in the assessment.

From a financial perspective, the Company remains at an early stage of operations, with initial losses reflecting start-up and administrative expenses typical of newly incorporated management entities. However, financial projections indicate a marked improvement in the Company's earnings profile from FY26 onwards, supported by scaling management fee income, strengthening liquidity, and a growing equity base.

The assigned rating incorporates Mukab REIT's experienced sponsor backing, planned asset induction pipeline, and improving governance structure, balanced against the execution risks inherent in development-stage projects and the need for timely capital deployment.

Disclosure

Name of Rated Entity	Mukab REIT Management Company Limited
Type of Relationship	Solicited
Purpose of the Rating	REIT Manager Rating Rating
Applicable Criteria	Methodology Rating Modifiers(Apr-25),Assessment Framework REIT Manager Rating(Oct-25)
Related Research	Sector Study Real Estate(May-25)
Rating Analysts	Muhammad Umer Munir umer.munir@pacra.com +92-42-35869504

Profile

Background Mukab REIT Management Company Limited ("RMC" or the "Company") was incorporated in Pakistan as a public limited company on November 05, 2024, under the Companies Act, 2017. The Company is licensed as a REIT Management Company under the Non-Banking Finance Companies Rules, 2003, and is regulated by the Securities and Exchange Commission of Pakistan (SECP). The registered office of the Company is located at First Floor, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.

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

Fund Mix The Company is expected to launch REIT funds with the name of "Mukab Flaknaz REIT fund" with the size of 7.5 billion.

Ownership

Ownership Structure The Company is primarily owned by Mr. Sheikh Shakeel Ilyas, with the remaining shareholding held by Mr. Adeel Shahzad, Mr. Ovais Suhail, and Mr. Shahbaz Mukhtar. Mr. Sheikh Shakeel Ilyas's association with the Falaknaz Group brings valuable business expertise and well-established best practices to the Company.

Stability The RMC benefits from the strategic support of Falaknaz Group, leveraging its market expertise and execution capability. With over five decades of experience in real estate and construction, the group's stability enhances the REIT's credibility and operational strength.

Business Acumen The shareholders collectively demonstrate strong business acumen, reflected in their strategic ownership structure, leadership roles, and significant financial commitment to establishing and managing a regulated REIT management Company.

Financial Strength Falaknaz Group's financial strength is underpinned by its long operating history, diversified business interests, and sustained presence in the real estate and construction sectors, supporting its capacity to execute projects and absorb market volatility.

Governance

Board Structure The Company's Board of Directors (BoD) comprises seven members, which include two independent directors, four non-executive directors, and one executive director. The RMC has also appointed 1 female director on the Board.

Members' Profile All the directors are seasoned professionals and possess manifold experiences in the relevant fields. The BoD, with the diversified background and expertise of its members, is a key source of oversight and guidance for the management. Board's Chairman, **Mr. Sheikh Shakeel Ilyas**, has a diversified experience in the construction and development industry. He serves as a Group Director at the FalakNaz Group and brings over 24 years of experience across the construction, real estate development, and textile sectors. He has successfully led and completed numerous high-rise building projects in Karachi, reflecting his strong industry expertise and leadership.

Board Effectiveness The Company has a adequate governance structure supported by five Board committees, including Audit, HR & Compensation, Investment Decision Making, Risk Management, and Sustainability & CSR Committees, which supports effective oversight and long-term sustainability.

Transparency Riaz Ahmed, Saqib, Gohar & Co. are the external auditors of the Company. They have expressed an unqualified opinion on the financial statements for FY25. The firm is QCR-rated by ICAP.

Management

Organizational Structure The Company's operations are grouped under six departments. These include (i) Internal Audit/Compliance (ii) Operations and Management (iii) Accounts & Finance (iv) Security Management (v) Administration/HR (vi) Information Technology. Each Department Head reports directly to the CEO and the head of internal audit reports to the Audit Committee

Management Team The RMC has a mix of diverse experienced and skilled management. **Mr. Adeel Shahzad** – A Chartered Accountant with over 20 years of experience, currently serving as CEO and reporting directly to the Board. He has been leading the Company since incorporation and continues to oversee all strategic and operational functions. **Mr. Malik Adeel Razzaq** – A Cost & Management Accountant with over 9 years of experience, recently appointed as CFO. He reports to the CEO and has just commenced his role with the Company. **Mr. Syed Mohsin Raza** – An MBA with 19 years of HR leadership experience. He joined the Company recently as Head of HR, overseeing people strategy and organizational development. **Mr. Ahmed Ali Kori** – With an MBA and 20+ years of marketing and sales expertise, He leads the Marketing & Sales function. He recently joined the Company and reports to the CEO.

Management Effectiveness No management committees are formed to monitor performance and assure adherence to policies and procedures. The matters are discussed and settled at the individual levels with discussion.

Oversight Of Third-Party Service Providers The RMC plans to enhance investor services through the launch of a dedicated application and is currently exploring suitable third-party service providers for this purpose. In the interim, or if a third-party solution is not finalized, investor servicing will continue through established traditional channels in line with prevailing market practices and regulatory requirements.

Control Environment The RMC has established legal and compliance departments, headed by Mr. Abdul Kabeer, a seasoned professional with a lot of experience. The department ensures compliance with all applicable statutory regulations and internal investment guidelines.

Investment Risk And Portfolio Management

Investment Risk Management The Company has an independent Risk Management Committee constituted by the Board to oversee the identification, assessment, mitigation, and monitoring of risks across operations and REIT structures. It ensures continuous monitoring of credit, market, operational, legal, and compliance risks, supported by periodic reporting to the Board.

Investment Decision Making The RMC has a structured Investment Decision Making Committee mandated by the Board to evaluate, approve, and monitor investments in line with its strategic objectives and SECP REIT Regulations. The committee comprises senior management and independent representation, ensuring balanced, prudent, and transparent decision-making.

Investment Research & Analysis The investment and acquisition department is responsible for monitoring the real estate value, market position, changes in the economic and regulatory environment that may impact the operations and performance of the Mukab REIT Fund.

Customer Relationship

Investor Services The Company has established investor services and disclosure mechanisms to ensure timely communication, transparency, and protection of unitholders' interests. Investor-related queries, complaints, and information requests are addressed through defined processes in line with regulatory and governance requirements.

Investor Reporting The investor's reporting mechanism involves annual submission of project updates and financial reporting.

Distribution & Sales Network Currently, the Company is operating through its head office based in Islamabad.

Investment Performance

REIT Funds Under Management The total fund size of the REIT is PKR 7.5 billion, with final structuring and formal announcement to be completed post-launch, subject to market conditions, investor appetite, and regulatory approvals.

Performance As the REIT is at an initial stage of operations, it has not yet generated earnings; however, performance assessment will commence as assets are deployed and operations stabilize, with expectations supported by a structured governance and investment framework.

Financial Sustainability As of June'25, the equity of the Company was reported at PKR 39mln.



The Pakistan Credit Rating Agency Limited

PKR mln

Mukab REIT Management
Public Limited Company

Jun-25

Mar-25

12M

9M

Audited

Management

A BALANCE SHEET

1 Earning Assets	40	-
2 Non-Earning Assets	0	-
3 Total Assets	41	-
4 Total Borrowing	-	-
5 Other Liabilities	2	-
6 Total Liabilities	2	-
7 Shareholders' Equity	39	-

B INCOME STATEMENT

1 Investment Income	-	-
2 Operating Expenses	(11)	-
3 Net Investment Income	(11)	-
4 Other Income	-	-
5 Total Income	(11)	-
6 Other Expenses	-	-
7 Total Finance Cost	0	-
8 Profit Or (Loss) Before Taxation	(11)	-
9 Taxation	-	-
10 Profit After Tax	(11)	-

C RATIO ANALYSIS

1 Investment Performance

i. Investment Income / Average AUMs	N/A	N/A
ii. ROE	-27.8%	N/A
iii. ROA	-26.7%	N/A

2 Financial Sustainability

i. Coverages		
a. Total Borrowing / EBITDA	N/A	N/A
b. EBITDA / Finance Cost	N/A	N/A
ii. Capitalization		
a. Total Borrowing / (Total Borrowing + Shareholders' Equity)	0.0%	N/A

REIT Manager Rating Scale

An independent opinion on a REIT Manager's Quality of investment and operations management.

Scale	Long-Term Rating
RM1	Very high quality of investment and operations management.
RM2++ RM2+ RM2	High quality of investment and operations management.
RM3++ RM3+ RM3	Good quality of investment and operations management.
RM4++ RM4+ RM4	Adequate quality of investment and operations management.
RM5	Weak quality of investment and operations management.

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.
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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".

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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

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- (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)

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- (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)

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