



Rating Action

Lahore: (28-May-2010)

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PACRA MAINTAINS RATINGS OF PACE (PAKISTAN) LIMITED

The Pakistan Credit Rating Agency (PACRA) has maintained the long term and short term entity ratings of Pace (Pakistan) Limited at “A” (Single A) and “A1” (A One) respectively. The ratings of the TFC (PKR 1,500mln) and *Sukuk* issue (PKR 400mln) have been maintained at “A+” (Single A Plus). These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The ratings reflect strong brand name of Pace in real estate sector – especially in its niche market of development and management of concept shopping malls – its established track record and sizeable investment properties. Furthermore, the management has diversified its project portfolio by venturing into housing and tower construction. The ratings incorporate the low leveraged capital structure of Pace. However, the cash flows of the company are under pressure due to the prevalent downturn in the real estate sector, which in turn, could impact Pace’s financial profile.

The outlook on the ratings is negative, whereby, the management’s ability to timely complete its ongoing projects and generate adequate cashflows through an effective sales strategy is crucial.

About the company: Pace (Pakistan) Limited (Pace), incorporated in 1992, was acquired by First Capital Group in 1998. Pace has been listed on Karachi and Lahore stock exchanges since February 2007. Pace has established a strong position in the past few years in real estate sector of Pakistan. The company is principally engaged in developing, managing and sale of real estate properties. First Capital Group (FCG) along with Ahmed Said Al-Hoqani – an Omani investor with significant investments in Pakistan – retains the major stake in the company (end-Dec09: 30%), while Millennium Global High Yield Fund Limited (MGF) has 16% share.

The Board of Directors (BoD) of Pace comprises eight members of which six are nominees of FCG – three of First Capital Securities Corporation and three representing Mr. Hoqani. Meanwhile, there is one nominee director of MGF, alongwith one independent director.

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