The Pakistan Credit Rating Agency Limited

Rating Report

IMM Project One Development REIT Scheme

Report Contents

Rating History

Dissemination Date	Long Term Rating	Short Term Rating	Outlook	Action	Rating Watch
04-Dec-2025	RFR 3	-	Stable	Preliminary	-

Rating Rationale and Key Rating Drivers

The assigned rating of "IMM Project One Developmental REIT Scheme" (or the "Fund") reflects the Fund’s early-stage development profile and the depth of experience brought by its sponsors—Master Textile Mills Limited, Monnoo family, and Izhar family. Izhar Monnoo Developers, a related-party development advisor to the Fund, has a well-established track record of successfully delivering large-scale residential schemes such as Dream Gardens Lahore (Phase I & II) and Dream Gardens Multan. The Fund will operate as a developmental REIT with a total size of PKR 7bln equity, contributed by strategic partners. The Fund will invest in real estate assets through a special purpose vehicle (SPV), ensuring adherence to governance standards and investor protection. The Fund will issue its Offering Document prior to seeking listing on the stock exchange, with the listing to be executed within three years of achieving financial close. The SPV, IMM Project One (Pvt) Limited, managed by IMM REIT Management Company Limited, comprises approximately 807.9 acres, which is strategically located in Multan, adjacent to Bahauddin Zakariya University, with direct access from Bosan Road and Canal Road. The land cost will be funded by investors' equity and advance receipts from the customers. While the land acquisition will be made in two portions: i) Land A and ii) Land B. Land A comprises 438 acres to be acquired through cash consideration, and Land B comprises 369 acres to be transferred through developed-file compensation, providing a structured and diversified acquisition framework for phased development. Currently, the Fund is focused on the acquisition of land A, and it has successfully acquired 150 acres, with agreements executed for the remaining area, supporting visibility on phased development and future inventory creation. This structured land-segregation strategy enables the Fund to balance immediate acquisition requirements with long-term development obligations, while maintaining financial flexibility. The sponsors’ extensive experience in real estate development, construction, and large-scale industrial operations reinforces the Fund’s ability to execute land procurement, infrastructure rollout, and sales delivery. Complemented by detailed legal documentation, regulatory alignment, certified valuation, and defined project milestones, the governance framework strengthens execution confidence. Furthermore, the Fund remains in an early-stage development phase—where execution timelines, market absorption, and regulatory compliance remain key sensitivities.
The NAV of the Fund is PKR 10. The project’s financial model remains entirely self-financed, structured around installment-based customer collections. Liquidity remains positive throughout the development cycle, with profit recognition aligned with IFRS 15. In accordance with the REIT Regulations, the Scheme will distribute at least 90% of its annual accounting income (excluding capital gains) to unitholders.

Rating movement will depend on timely land acquisition, effective project execution, and the Fund’s ability to sustain planned sales momentum and cash flow generation.

Disclosure

Name of Rated Entity	IMM Project One Development REIT Scheme
Type of Relationship	Solicited
Purpose of the Rating	REIT Fund Rating Rating
Applicable Criteria	Methodology | Rating Modifiers(Apr-25),Assessment Framework | 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

Operations IMM Project One Developmental REIT Scheme, or the "Fund," is concentrated in a single large-scale development project. The Fund benefits from its extensive land bank, phased acquisition strategy, and mixed-use development, commercial and residential, potential across the 807.9-acre site. The structured segregation of Land A with 438 acres(cash acquisition) and Land B with 369 acres (file-based compensation) further supports operational flexibility. Geographically, the land is located in Multan, near Bahauddin Zakariya University, with direct access from Bosan Road and Canal Road.

Portfolio Mix The expected size of the Fund is PKR 7bln, raised through a mix of strategic and institutional investor. Mr. Mazhar Iqbal, as a strategic investor, contributes PKR 3.5bln, representing 50% of the Fund's total capital. The remaining PKR 3.5bln is provided collectively by Master Textile Mills Limited (PKR 1.167bln), Mr. Sheraz Jehangir Monnoo (PKR 389mln), and Mr. Khizar Ayub Izhar (PKR 596mln), along with eight additional investors contributing PKR 1,348mln. This diversified investor base supports the Fund's financial foundation and enhances long-term stability.

Economic & Industry Risk

Economic Overview Pakistan's real estate and construction sector shows a cautiously improving outlook, supported by easing inflation, a sharp cut in the policy rate to 11%, and steady macroeconomic stabilization. Although sector growth slowed in 1HFY25 due to weak demand and high construction costs, FY24 demonstrated resilience with strong revenue growth. Expanding RMC (REIT Management Companies) registrations, stable investment income, robust PSDP (Public Sector Development Programme) spending, and expected tax relief in the upcoming budget are likely to boost construction and property transactions. Overall, the sector is set for a gradual recovery in FY25 as financing conditions and investor sentiment improve.

Industry Dynamics As of Dec'24, ~31 RMCs are registered with the SECP. As of Dec'24, RMCs have total assets amounting to PKR~13.8bln (~0.2% NBFCs' total assets) (Jun'24: ~28 RMCs with PKR~13.9bln in assets or ~0.3% of NBFCs' total assets).

Asset Quality Risk

Market Position The Fund's market positioning is strengthened by its strategic location across 807.9 acres. The project's master-planned nature, supported by large contiguous land holdings and a phased development strategy, reduces volatility in salability and supports consistent market absorption. Competitiveness will be driven by the Fund's commitment to delivering regulated, legally vetted, and MDA-aligned development supported by modern infrastructure, community amenities, and sustainable urban design. The involvement of a qualified valuer, reputable development partners, and REIT-regulated governance further enhances buyer confidence and strengthens the Fund's long-term positioning within Multan's expanding real estate market.

Project Risk Project risk is primarily driven by the Fund's reliance on timely plot bookings and customer advance collections, which are essential to support its self-financed development model. While the underlying land is freehold and unencumbered, the Fund remains exposed to risks related to maintaining projected cash flows, converting acquisition agreements into registered parcels, and achieving targeted development milestones within planned timelines. Any delays in sales absorption, regulatory approvals, or infrastructure rollout could affect the Fund's execution pace and overall project viability.

Tenancy Risk Given that the Fund operates as a developmental REIT with revenues primarily derived from the sale of residential and commercial plots rather than recurring rental income, tenancy risk remains minimal.

Legal Risk The land acquired for projects 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.

Third-Party Service Provider Risk The Fund faces execution exposure through its reliance on development and advisory partners. Since Izhar-Monnoo Developers, the Development Advisor, holds a direct stake in the Fund, this risk is classified as related-party execution risk rather than third-party risk, creating both strong alignment and dependence on a single sponsor-led partner for timely delivery and quality standards. Third-party risk arises from independent service providers—such as the SECP-approved valuer. Their delays, quality shortfalls, or non-compliance may affect project timelines, valuation accuracy, and regulatory compliance.

Event Risk The Fund remains exposed to event risk arising from unforeseen macroeconomic shocks, regulatory changes, or disruptions affecting the real estate market, which could influence sales velocity, construction timelines, and project costs.

Financial Risk

Financing Arrangements The Scheme is backed by PKR 7bln in equity contributed by Strategic and Accredited Investors, forming the core capital base supporting phased development and execution.

Cashflows & Coverages The Fund's cash flow strength is primarily dependent on timely plot bookings and the receipt of customer advances generated through the off-plan sale of inventory, which form the core financing mechanism of the project. This reliance on sales-driven inflows exposes the Fund to risks if the volume or pace of collections falls short of projections, potentially affecting development progress and milestone achievement. In accordance with REIT Regulations, the Fund intends to distribute at least 90% of its profits (excluding unrealized gains) to its unitholders, retaining only minimal liquidity necessary for operational requirements.

Capital Structure The Fund has an initial capital base of PKR 7bln, contributed entirely as investment in the form of equity by its strategic Investors, with no external borrowing planned under the current project strategy. Mr. Mazhar Iqbal contributes 3.5bln—representing 50% of the Fund—while the remaining 3.5bln is provided by Master Textile Mills Ltd (1.167bln), Mr. Sheraz Jehangir Monnoo (389mln), Mr. Khizar Ayub Izhar (596mln), and eight additional investors contributing 1,348mln. The Fund is structured as a closed-end, SPV-led developmental REIT, with each unit issued at a par value of PKR 10, ensuring a fully equity-financed capital structure with aligned sponsor participation and no leverage-driven financial risk.

Management Review

REIT Manager IMM REIT Management Company Limited, the management company of the Fund, was incorporated on 9th May 2022 as a public limited company under the Companies Act, 2017. The Company was licensed on 13th July 2022 by SECP to carry out REIT Management Services as an NBFC. IMM RMC has reported a net loss after tax amounting to PKR 13.26mln during FY25 (FY24: Loss of PKR 12.04mln). The loss is made mainly on account of admin expenses incurred during the period. The Company's equity was reported at PKR 18.29mln during FY25 (FY24: PKR 31.55mln).

The Pakistan Credit Rating Agency Limited

IMM REIT Management Company Limited	Jun-25	Jun-24	Jun-23
Public Limited	12M	12M	12M
	Audited	Audited	Audited
A BALANCE SHEET			
1 Earning Assets	19.60	35.22	45
2 Non-Earning Assets	5.68	0.40	0
3 Total Assets	25.28	35.61	45
4 Total Borrowing	-	-	-
5 Other Liabilities	6.99	4.08	1
6 Total Liabilities	6.99	4.08	1
7 Shareholders' Equity	18.29	31.55	44
B INCOME STATEMENT			
1 Investment Income	8.59	7.57	7
2 Operating Expenses	(20.35)	(18.17)	(12)
3 Net Investment Income	(11.76)	(10.60)	(5)
4 Other Income	-	-	-
5 Total Income	(11.76)	(10.60)	(5)
6 Other Expenses	-	-	-
7 Total Finance Cost	(0.57)	(0.36)	(0)
8 Profit Or (Loss) Before Taxation	(12.33)	(10.96)	(5)
9 Taxation	(0.92)	(1.09)	(1)
10 Profit After Tax	(13.26)	(12.04)	(6)
C RATIO ANALYSIS			
1 Investment Performance			
i. Investment Income / Average AUMs	N/A	N/A	N/A
ii. ROE	-53.2%	-32.1%	-11.9%
iii. ROA	-43.5%	-29.9%	-11.7%
2 Financial Sustainability			
i. Coverages			
a. Total Borrowing / EBITDA	N/A	N/A	N/A
b. EBITDA / Finance Cost	N/A	N/A	N/A
ii. Capitalization			
a. Total Borrowing / (Total Borrowing + Shareholders' Equi	0.0%	0.0%	0.0%

REIT Fund Rating (RFR)

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

Scale	Long-Term Rating
RFR1	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 likelihood of successful implementation of REIT project. Risk factors impacting the value of REIT assets are modest over the foreseeable future.
RFR3++ RFR3+ RFR3	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 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 quality 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.

Rating Modifiers | Rating Actions

Outlook (Stable, Positive, Negative, Developing)	Rating Watch	Suspension	Withdrawn	Harmonization
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'.	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.	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.	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.	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