



The Pakistan Credit Rating Agency Limited

Rating Report

Indus DC REIT Scheme

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Rating Rationale and Key Rating Drivers

The rating of Indus DC REIT Scheme (the "Fund") reflects its early-stage development profile along with the sponsor strength and institutional support of the Master Group of Industries ("MGI"), a diversified conglomerate operating across multiple sectors in Pakistan. The Fund is structured as a Rental REIT Scheme under the REIT Regulations, 2022 and will be managed by IMM REIT Management Company Limited (the "RMC"), which is also managing a REIT Project in Multan under a REIT named as IMM Project One development REIT, reflecting relevant sector experience. The RMC benefits from an experienced management team and is owned by Mascon Private Limited, Sheraz Jehangir Monnoo, and Khizar Ayub Izhar. The Fund has an initial size of PKR 4.9 billion, fully committed by three strategic investors—NM Holding (Pvt.) Limited, Nadeem Malik Holdings (Pvt.) Limited, and Najeed Holdings (Pvt.) Limited—each contributing PKR 1.6 billion, representing an equal one-third stake. Collectively, the strategic investors will maintain at least 25% of the units in blocked accounts with the Trustee, in line with regulatory requirements, reflecting continued sponsor commitment. The Fund is positioned within Pakistan's emerging data centre landscape, which is witnessing increasing demand driven by fintech expansion, e-commerce growth, cloud adoption, IT exports, and government digitization initiatives. Key industry participants and competitors include Data Vault Pakistan, Jazz Digital Park, Multinet Pakistan Pvt Limited, PTCL Data Centres, and Nayatel Data Centre facilities. Regulatory support, including frameworks issued by the State Bank of Pakistan on cloud outsourcing and broader digital transformation policies, is expected to further encourage localized data hosting and infrastructure development. In this context, the Fund proposes the development of a Tier-III certified data centre located at Astra Block, Nawaz Sharif IT City (NSIT), Lahore, Punjab, within an emerging technology ecosystem. The site has been acquired from the Punjab Central Business District Development Authority ("PCBDDA"), supporting long-term project viability. The total project cost is estimated at approximately PKR 7 billion, of which PKR 4.9 billion will be funded through sponsor equity, to be deployed on a need basis aligned with project execution. A 2-acre land parcel has already been acquired at a cost of PKR 480 million, fully funded through project equity, which will serve as the base for the proposed infrastructure. Any additional land requirement will be addressed as needed. The proposed facility is expected to generate recurring rental income through leasing of data centre space, including cloud racks and related infrastructure, to corporate and technology clients. Construction is expected to be completed within 12 months from commencement, while engineering and development approvals remain in process. The Indus DC REIT Scheme is intended to be listed on the Pakistan Stock Exchange ("PSX") in accordance with applicable REIT regulations. The project is targeting financial close by June 2026. Prior to listing, units with a par value of PKR 10 will be offered via private placement to accredited investors, expected to augment the fund size ahead of the initial public offering (IPO).
Rating movement will depend on timely land acquisition, construction progress, regulatory compliance, and the Fund's ability to achieve and sustain planned rental occupancy and cash flow targets.

Disclosure table with columns: Name of Rated Entity, Type of Relationship, Purpose of the Rating, Applicable Criteria, Related Research, Rating Analysts. Row 1: Indus DC REIT Scheme, Solicited, REIT Fund Rating Rating, Assessment Framework | Rental REIT Fund Rating(Oct-25),Methodology | Rating Modifiers(Apr-26), Sector Study | Real Estate(May-26), Muhammad Umer Munir | umer.munir@pacra.com | +92-42-35869504

## Profile

**Operations** Indus DC REIT Scheme (or the "Fund") is concentrated in a single purpose-built data centre development project. The Fund is designed to develop a Tier-III certified data centre facility at Astra Block, Nawaz Sharif IT City (NSIT), Lahore, Punjab. The facility is situated on a freehold land parcel of 16 Kanals (approximately 2 acres), purchased from Punjab Central Business District Development Authority (PCBDDA), a government-owned entity. The Fund will generate income through rental proceeds earned from businesses that lease data centre floor space to set up cloud racks and associated services. The land is located within the NSIT technology hub, with a strategic position to serve Pakistan's growing digital infrastructure demands. Management has designed the facility around a 4-megawatt power infrastructure, with an expected rack capacity of 350 to 400 racks, depending on customer density and computing intensity requirements.

**Portfolio Mix** The Fund's expected size is PKR 4.9 billion, to be raised entirely through equity from Strategic Investors. Three Strategic Investors NM Holding (Pvt.) Limited, Nadeem Malik Holdings (Pvt.) Limited, and Najeed Holdings (Pvt.) Limited are affiliates of the Master Group of Industries and will each contribute PKR 1.6 billion, representing equal one third shares. Together, they will hold 25% of the Fund's Units in blocked accounts with the Trustee, demonstrating a locked in long term commitment to the Project. In addition, the Fund plans to raise PKR 2.1 billion through an IPO on the Pakistan Stock Exchange (PSX), bringing the fund size to PKR 7 billion after IPO.

## Economic & Industry Risk

**Economic Overview** Pakistan's digital infrastructure sector is experiencing a materially positive demand inflection, supported by the government's Digital Pakistan agenda, accelerating fintech adoption, e-commerce expansion, and an IT export sector growing at over 20% annually. Macroeconomic stabilization — reflected in easing inflation and a sharp reduction in the policy rate to 11% — has improved investor sentiment and the feasibility of long-term capital projects. The State Bank of Pakistan's 2023 Framework on Outsourcing to Cloud Service Providers has acted as a significant regulatory catalyst, compelling financial institutions and regulated entities to seek reliable, locally hosted, and compliant data centre capacity. The Digital Pakistan Bill passed by the National Assembly in 2024, SECP Cloud Adoption Guidelines, and Pakistan's first draft AI Policy collectively reinforce the structural demand case for data centre infrastructure development.

**Industry Dynamics** Pakistan's data center REIT sector remains at an early stage, with limited local competition, positioning Indus DC REIT scheme as a potential entrant in the segment. Strong regulatory support through REIT Regulations 2022 and SBP's cloud outsourcing framework is expected to drive structural demand for data center infrastructure. The sector's long-term outlook remains positive, supported by increasing digital adoption, fintech expansion, enterprise cloud migration, and ongoing government digitization initiatives.

## Asset Quality Risk

**Market Position** The Fund's market positioning is reinforced by its location within Astra Block, NSIT City, Lahore — a government-designated IT hub with direct access to Punjab's expanding technology ecosystem. The project's purpose-built, single-asset focus on a 4 MW, 300-to-400-racks Tier-III data centre enables operational specialization and reduces the demand volatility typically associated with mixed-use real estate portfolios. Competitiveness will be anchored by the Fund's commitment to Tier-III certified uptime standards (99.982%), next-generation liquid cooling infrastructure designed for AI and GPU-intensive workloads, and freehold land secured from PCBDDA — a government-owned seller — providing strong legal clarity. The involvement of Harvester Services (Pvt.) Ltd. as a qualified independent valuer, Haidermota & Co. as legal counsel, and oversight by DCCL as Trustee, further enhances institutional confidence and strengthens the Fund's long-term positioning within Pakistan's nascent but rapidly expanding data centre market.

**Project Risk** Project risk primarily stems from the Fund's greenfield nature, requiring timely construction completion and successful lease-up to generate rental income. While the self-financed equity structure reduces leverage risk, execution remains dependent on sponsors and development/O&M partners. Delays in land transfer, regulatory approvals, construction, or IPO execution could adversely impact cash flows and projected returns.

**Tenancy Risk** Given that the Fund operates as a Rental REIT with revenues derived from long-term data centre space leases, tenancy risk is a relevant consideration. Revenues are contingent on securing and maintaining occupancy commitments from creditworthy tenants prior to or shortly after commissioning. The Fund's single-asset, single-location structure means that revenue concentration in a limited number of anchor tenants could expose it to occupancy shortfalls. Mitigation is provided by the structural demand drivers underpinning Pakistan's data centre market and the Fund's Tier-III certification, which targets enterprise and regulated-sector tenants with high-uptime requirements.

**Legal Risk** The land to be acquired for the Project is intended to be free from any lien, encumbrance, or stay order affecting the transfer of legal title. The land is being procured from PCBDDA, a government body, supported by a provisional booking confirmation. Legal due diligence has been assigned to Haidermota & Co., and the land will be transferred into the name of the Trustee in accordance with REIT Regulations. The Trust Deed has been registered as a Specialized Trust under the Sindh Trust Act, 2020.

**Third-Party Service Provider Risk** The Fund is exposed to execution risk through its reliance on related-party Development Advisors, Izhar-Monnoo Developers (Pvt.) Ltd., for timely project delivery and quality execution. Additional third-party risk stems from the independent technical consultant/property manager and SECP-approved valuer, where delays or performance shortcomings may affect project timelines, asset valuations, and regulatory compliance.

**Event Risk** The Fund remains exposed to event risks arising from unforeseen macroeconomic shocks, political instability, regulatory changes, or disruptions to Pakistan's power supply — a critical dependency for data centre operations. Natural disasters, geopolitical events, and other force majeure scenarios could disrupt construction timelines, operational uptime commitments, and investor sentiment. The Fund intends to obtain insurance coverage from highly rated providers to partially mitigate these exposures.

## Financial Risk

**Financing Arrangements** The Scheme is supported by an equity base of PKR 4.9 billion, fully contributed by three Strategic Investors affiliated with the Master Group of Industries, providing the foundational capital for project development. The total estimated project cost stands at approximately PKR 7 billion, with PKR 4.9 billion to be funded through sponsor equity, to be injected in line with project execution requirements. A 2-acre land parcel has already been acquired for PKR 480 million through project equity and will serve as the development site for the proposed infrastructure. In addition, approximately PKR 2,100 million is planned to be raised through an IPO on the Pakistan Stock Exchange, primarily to finance the construction of the additional floor of the data centre facility.

**Cashflows & Coverages** The Fund's cash flow strength is primarily dependent on timely commencement of rental income following construction completion, which is targeted within 12 months of groundbreaking. The first floor of the data centre is planned to be made available for rental at the earliest feasible stage to initiate revenue generation. The reliance on lease-up velocity and tenancy commitment timelines exposes the Fund to risks if occupancy ramp-up falls short of projections. In accordance with REIT Regulations, the Fund intends to distribute at least 90% of its profits (excluding unrealized gains) to its Unit Holders, retaining only minimal liquidity necessary for operational requirements.

**Capital Structure** The Fund has an initial capital base of PKR 4.9 billion, contributed entirely as equity by its Strategic Investors, with no external borrowing planned under the current project strategy. NM Holding (Pvt.) Ltd., Nadeem Malik Holdings (Pvt.) Ltd., and Najeed Holdings (Pvt.) Ltd. each contribute PKR 1.6 billion, representing equal one-third stakes. The Fund is structured as a closed-end, perpetual-life Rental REIT Scheme, 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. Strategic Investors are required to maintain a minimum 25% blocked unitholding until revocation or listing of the Fund

## 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, with the certificate for commencement of business issued on 24th August 2022. The Company has been rated RM3 by PACRA as of December 2023. The Indus DC REIT Scheme is IMM RMC's second REIT, following IMM Project One Developmental REIT Scheme — a housing society project in Multan. The Company's paid-up capital stands at PKR 50 million, with income streams comprising management fees from REIT operations and real estate advisory services.

The Pakistan Credit Rating Agency Limited

PKR mln

IMM REIT Management Company Limited  
Public Limited

| Mar-26  | Jun-25  | Jun-24  |
|---------|---------|---------|
| 9M      | 12M     | 12M     |
| Managem | Audited | Audited |

**A BALANCE SHEET**

|   |                             |    |    |    |
|---|-----------------------------|----|----|----|
| 1 | Earning Assets              | 9  | 21 | 35 |
| 2 | Non-Earning Assets          | 7  | 5  | 0  |
| 3 | <b>Total Assets</b>         | 16 | 26 | 36 |
| 4 | Total Borrowing             | -  | -  | -  |
| 5 | Other Liabilities           | 9  | 7  | 4  |
| 6 | <b>Total Liabilities</b>    | 9  | 7  | 4  |
| 7 | <b>Shareholders' Equity</b> | 8  | 18 | 32 |

**B INCOME STATEMENT**

|    |   |      |      |      |
|----|---|------|------|------|
| 1  | Investment Income                       | 15   | 9    | 8    |
| 2  | Operating Expenses                      | (25) | (20) | (18) |
| 3  | <b>Net Investment Income</b>            | (10) | (12) | (11) |
| 4  | Other Income                            | -    | -    | -    |
| 5  | <b>Total Income</b>                     | (10) | (12) | (11) |
| 6  | Other Expenses                          | -    | -    | -    |
| 7  | Total Finance Cost                      | -    | (1)  | (0)  |
| 8  | <b>Profit Or (Loss) Before Taxation</b> | (10) | (12) | (11) |
| 9  | Taxation                                | (0)  | (1)  | (1)  |
| 10 | <b>Profit After Tax</b>                 | (11) | (13) | (12) |

**C RATIO ANALYSIS**

|      |  |         |        |        |
|------|--|---------|--------|--------|
| 1    | <b>Investment Performance</b>                  |         |        |        |
| i.   | Investment Income / Average AUMs               | N/A     | N/A    | N/A    |
| ii.  | ROE  | -109.2% | -52.4% | (0.32) |
| iii. | ROA  | -67.9%  | -42.8% | (0.30) |
| 2    | <b>Financial Sustainability</b>                |         |        |        |
| 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 + Sharehold | 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  |
|----------------------------------|---|
| <b>RFR1</b>                      | <b>Exceptionally Strong</b> likelihood of successful implementation of REIT project. Risk factors impacting value of REIT assets are negligible over the foreseeable future.                  |
| <b>RFR2++<br/>RFR2+<br/>RFR2</b> | <b>Very Strong</b> likelihood of successful implementation of REIT project. Risk factors impacting the value of REIT assets are modest over the foreseeable future.                           |
| <b>RFR3++<br/>RFR3+<br/>RFR3</b> | <b>Strong</b> 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. |
| <b>RFR4++<br/>RFR4+<br/>RFR4</b> | <b>Adequate</b> 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.     |
| <b>RFR5</b>                      | <b>Weak quality</b> 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

|   |   |  |  |   |
|---|---|--|--|---|
| <p><b>Outlook (Stable, Positive, Negative, Developing)</b><br/>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><br/>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><br/>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><br/>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.</p> | <p><b>Harmonization</b><br/>A change in rating due to revision in applicable methodology or underlying scale.</p> |
|---|---|--|--|---|

**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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- (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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