VIS

Credit Rating Company Limited.

REAL ESTATE INVESTMENT TRUST (REIT) FUND

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SCOPE OF CRITERIA

A Real Estate Investment Trust (REIT) is a vehicle for owning income producing real estate assets. Investment in REIT tends to be tax efficient and provides opportunity to retail investors to invest in affordable amounts across a range of real estate projects.

REIT scheme, as per the revised REIT regulations issued by the Securities & Exchange Commission of Pakistan (SECP) in November 2022, is structured as a closed-end scheme, managed by a REIT Management Company (RMC).

A REIT scheme is required to be listed on the stock exchange within a maximum period of 3 years from the date of financial close.

REIT Fund Ratings differs fundamentally from the traditional credit rating, which reflects an entity's ability to meet its financial obligations. In the case of Rental REITs, VIS provides an opinion on the capacity to maintain stable rental income while for Development & Hybrid REITs, ratings provide an opinion on the successful implementation of underlying assets as well as risk factors impacting the value of the REIT assets over the foreseeable future. The scales and definitions have also been differentiated to reflect the same.

VIS REIT ratings are not predictive of future returns or the level of returns that a fund may generate. Ratings are forward looking in nature and are based on an assessment of future events to the extent that they are known or can be anticipated over a two to three years' horizon. Movement in factors that may impact our assessment of stability of rental income or successful implementation of project, may result in changes in outstanding ratings.

VIS Rating is not a guarantee against loss. A rating does not constitute a recommendation to purchase, sell, or hold a particular security. General market risk factors that may impact the price of a listed REIT Scheme akin to any listed instrument are beyond the scope of the assigned rating. In addition, a rating does not comment on the suitability of an investment for a particular investor.

SUMMARY OF CRITERIA CHANGES

VIS initially published its REIT Rating methodology in December 2018, which was mostly focused on risk factors unique to the evaluation of Rental REIT Schemes, in addition to general assessment areas common across REIT types.

In the methodology dated July 2022 and September 2023, we reorganized the ratings framework into three broad areas: Business Risk, Management Risk and Financial Risk for analytical clarity in addition to detailing the criterion for Development REITs, wherever it is distinct from Rental REITs. In this document, Environmental, Social and Governance (ESG) considerations have been integrated to align with current assessment standards.

OVERVIEW OF RATINGS FRAMEWORK

VIS ratings framework is now organized under three broad areas: Business Risk, Management Risk and Financial Risk, with several sub-factors under each of these. Each area is assessed during the ratings process and the individual scores are added to arrive at the final rating.

The Business Risk assessment is performed at two levels. The rating process is initiated by examining the external operating environment in general and the property market in specific. The economic environment together with political conditions and regulatory regime are evaluated to assess the real estate market. In the next step, business risk is evaluated at the specific property level whereby VIS analyzes the market segment in which the REIT scheme is operating. Property specific fundamentals may include the location and quality of property, demand-supply dynamics, and trends in occupancy & rentals.

Business risk assessment assumes greater significance in a Development REIT as it may have a significant bearing on project up-take. Other than the acquisition of land and investment by strategic investors, the financial model itself is to be tested over time.

The Management Quality assessment involves an in-depth review of the quality and experience of the REIT Management Company (RMC) in addition to other third-party service providers. The RMC and certain other third parties such as Development Advisor / Property Manager, as the case may be, are critical to the success of a project and the protection of interests of various stakeholders. Moreover, the governance structure and independence of parties involved is also evaluated at this stage.

Lastly and most importantly, VIS evaluates the financial risk profile of the REIT Scheme. This includes an examination of leverage & capital structure, liquidity profile, capital expenditure and growth plans and other structural factors. Stability of cash flows is important and is sensitized to gauge the impact of vacancies and delays in project completion on value of underlying asset.

Business Risk
Operating Environment
Portfolio Diversity
Market Position
Property Location & Quality
Counterparty Credit Risk
Legal Risk
Project Implementation Risk

Management Risk
REIT Management Company
Third Party Service Providers
Independence

Financial Risk
Stability of Cash Flows
Leverage & Capital Structure
Return Prospects

Together all these factors will determine the capacity of the REIT fund to generate stable rental income and/or complete the project within prescribed timelines, in order to achieve the targeted returns, while at the same time identifying risk factors affecting the value of REIT assets over the foreseeable future.

RATING METHODOLOGY

This section sets out the rating methodology in detail. Key areas of assessment have been laid out separately, as needed, in this document for different types of REIT schemes. The regulations allow for a Development REIT to be converted into a Rental REIT; the rating of such a scheme would be reassessed at the time of conversion and will be based on the Development REIT Scale. Both Development and Hybrid REIT funds will be rated on the REIT Fund Rating scale available at (https://docs.vis.com.pk/docs/VISRatingScales.pdf)

For a hybrid REIT scheme, which has both a development and rental component, overall risk assessment is arrived at by weighting each component as per its importance in the overall scheme. The potential benefits of the hybrid structure which may not be apparent from the additive approach will also be considered.

As per regulations, the real estate assets may be directly owned by the Non-PPP REIT Scheme or through a Special Purpose Vehicle (SPV). VIS will take a consolidated approach to the business and financial risk profile of the REIT when arriving at the rating. The regulations mandate a minimum of 75% shareholding in the SPV by the REIT scheme and proportionate appointment of Board members, which would provide the REIT scheme with a high degree of control over the SPV and hence supports VIS consolidated approach to the rating.

Rating will typically be undertaken after real estate assets have been transferred in the name of the trustee in the case of Non-PPP REIT Scheme and achievement of Financial Close in PPP RIET Scheme; rating prior to that will be provisional.

A. BUSINESS RISK

The business risk profile of a REIT fund is a key rating factor and may place a ceiling on ratings of certain property types or REIT schemes.

Different property types are expected to exhibit varying degrees of exposure to business risk factors. As most REITs focus on a particular sector of the real estate market, such as apartments, office buildings, hotels, health care, shopping malls, and the like, these REITs are subject to specific risks associated with that particular sector. Additionally, many REITs may own properties that are concentrated in a particular region or geographic location, which subject them to the risk of conditions specific to that location as well as the probability of natural/climatic hazards specific to the region.

Accordingly, it follows that certain property types may be rated higher than others; the competitive advantage associated with any property could be derived from a captive market, strategic location, or any other unique selling proposition. Property types which have significant longevity and may not be easily replaceable over the foreseeable horizon may be rated at the upper end of the rating spectrum. Likewise, highly rated Rental REITs are likely to operate in mature and stable market segments and geographies, feature diversity in assets, and tenants/customers and maintain very high levels of internal liquidity.

VIS tracks the shifts in property market fundamentals over time. While VIS incorporates a certain degree of shift in demand/supply patterns in its ratings, material shifts in the same could call for a re-assessment of the outstanding ratings.

A. (i) Operating Environment

The rating process begins by examining the external operating environment in general and the property market in specific. Generally, it is seen that real estate industry growth tends to be closely aligned with macroeconomic trends. Rising GDP and higher incomes have shown to generate greater demand for residential, commercial, and industrial space.

In Pakistan's context, growing population and rural-urban migration offers huge investment opportunities for real estate. The access and affordable cost of mortgage finance is also a driver for real estate demand. Meanwhile, the political environment and law and order situation in the country also tends to affect the momentum of real estate development and timing of investment decisions. A deteriorating law and order situation or uncertain political environment may cause individuals or corporates to defer their investment in real estate till the time conditions stabilize.

Different sources of information, wherever possible, are used to follow trends in the real estate sector. In more documented economies, building permits provide insight into the future real estate supply levels and are considered one of the leading economic indicators as growing construction activity can have a positive impact on multiple ancillary industries and provide opportunities for growth in the job market; on the other hand, declining housing prices can have a negative impact on the economy in several ways. This data is not readily available in Pakistan or at least in a structured manner. The leading economic indicator available for the sector is construction and housing finance by banks and other financial institutions, which is small, albeit growing. VIS will also use other sources of information, wherever possible, to track the trends in the real estate sector.

In addition to the factors affecting demand and supply position, VIS evaluates the ease with which properties may be sold or placed on rent. Tenancy laws, legal infrastructure, land records, trends in rental rates, occupancy levels, pace of fresh supply of properties and their absorption rates are some of the key variables that are to be considered.

A. (ii) Portfolio Diversity

With the revised REIT regulations, REIT Schemes are now allowed to acquire additional real estate as well as geographic limitations placed earlier have been removed. This implies that the ability to diversify a REIT fund's portfolio is no longer constrained. Diversity in the asset portfolio can help mitigate risks of cash flow shocks in any single property. VIS will evaluate portfolio diversity in terms of geography, sectoral profiles while also looking at the extent of correlation between different assets held by a REIT Scheme.

A diversified REIT scheme with assets spread across multiple geographies and sectors will be viewed favorably by VIS. It may however be pertinent to mention here that geographic diversification may not necessarily be effective if different markets are correlated in terms of their exposure to various economic and industry risk factors. Market fundamentals would also affect the ease with which a fund may be able to churn the properties held in its portfolio, if so, permitted by its constitutive documents, and such risk will be evaluated.

A. (iii) Market Position

The market position of a property (and/or its sponsors) can be an important indicator of a Scheme's ability to withstand economic downturns; historical evidence with regards to occupancy levels and/or pace of increase in property value can provide an indication of the level of risk.

An important metric for assessing market position is the pricing power. The rental income or sale price per square foot compared to competition and similar property type averages can be reflective of the competitive strength. Past track record of developing quality real estate can also weigh on pricing power which ultimately affects the financial performance of the REIT Scheme. For example, in case of Rental REIT in the hospitality sector, VIS may look at factors such as change in revenue per room from the peak to trough of a business cycle. The average yield on rentals calculated by way of current pricing of the property are generally consistent for similar types of properties in a geographical area with commercial properties commanding higher yields than residential.

A. (iv) Property Location & Quality

To gauge the volatility or stability of operating cash flows and asset values through an economic cycle, geographic location and property quality are important considerations from a ratings perspective. Location and property quality are equally important for all REIT types. While law and order situation may affect most property types in a similar fashion, for some the risk to return may be more imminent than others. There are some other differentiating factors for Rental and Development REITs as well which are outlined below.

A. (iv) a. Development REIT

For a Development REIT, location assumes significant importance as it generally involves undeveloped land. Generally, locations that are close to commercial and employment centers with easy access to public transport have higher marketability. Provision of utility services and infrastructure including road access also affect the attractiveness of the property. The construction quality and physical condition of the property is also an important factor for ratings as it impacts the relative desirability for the potential buyer as well as contributing towards preserving the economic value of the asset.

Property demand is also impacted by the supply dynamics in the area where the property is located. VIS therefore takes into account planned development in the adjoining areas, vacancy rates and prices of similar properties in the vicinity to assess the projected project uptake and resulting cash flows. The size of the project and its development plan are also considered. Launch of a large-scale project may increase inventory in the vicinity and resultantly depress prices; phased development plan however may mitigate this risk. Other unique attributes such as excess land for development, cost of investment or any environmental or regulatory issues related to the property are duly assessed by VIS.

The distribution of available land/floor space between revenue generating portion (residential or commercial plots/ saleable floor space in buildings) and the land /floor space, which would be utilized for general access such as roads/ hallways, parking areas, playgrounds, is important for the marketability of the REIT Scheme. VIS will evaluate the business plan vis-a-vis established market benchmarks; congested settings may affect the marketability of a property.

Environmental, Social, and Governance (ESG) factors are increasingly important considerations in real estate. ESG factors can influence property valuations, development costs, occupancy rates, and operating expenses. VIS incorporates assessment of material ESG risks and opportunities into its analysis. The ESG profile of a REIT can positively or negatively influence VIS's view of its business risk, cash flow stability, and growth prospects. Overall, integration of ESG analysis provides a more holistic view of a REIT's risk and return profile.

A. (iv) b. REIT Rental

Location dynamics including ease of access, presence and quality of property management services and barriers to competition are key drivers that impact the rental yield of a property and in turn its marketability. In properties such as shopping malls, there may also be a strong neighborhood effect; leading brands may attract other prominent brands to set up outlets. Potential exposure to environmental or regulatory risks are also evaluated herein along with the property quality to assess the likely impact on cash flows and performance of a REIT fund. In case of office buildings, multinational companies often have unique requirements which if complied with, can provide certain buildings with a unique proposition and set rental yields above others.

In Rental REITS, the property management services agreement either built into the tenancy contract or separately executed with the RMC is important for the franchise value of the property(ies). The utilities, HVAC and maintenance are generally the responsibility of the RMC and tie up of default in either tenancy or service agreement is important.

A. (v) Counterparty Credit Risk

A. (v) a. Development REIT

Property off-take in case of Development REIT could either involve outright sales or instalment plans; in case of the latter, cash inflow will happen over time and any disruptions in the same could affect pace of construction. VIS will evaluate the degree of client concentration and in case of institutional counterparties, review individual profiles for at least top 30% clients.

VIS will also be mindful that diversification benefits may not always hold, such as in case of housing projects, where the counterparty credit risk may be spread out across a number of small buyers, but all of them may be exposed to the same risks, in case of an economic downturn. The cash flow risk may be mitigated to an extent by arranging third party financing through banks for potential buyers.

A. (v) b. REIT Rental

For Rental REIT, VIS evaluates a fund's tenant diversification, tenant profile and rent agreements. A REIT fund that features a diversified portfolio, in terms of tenant base is likely to be rated higher vis-à-vis a fund having higher degree of concentration; however, there may be instances where mitigating factors in case of the latter may drive up the ratings, depending on the characteristics of the property or the tenant profile. As a general rule of thumb, properties having less than 30% exposure to top 5 tenants are likely to score well on this factor. There may be exceptions to this rule, in case of single tenant occupancy, with the counterparty having sound credit risk profile. In addition, specialized tenants such as hospitals and educational institutions may face higher switching costs, which is considered a favorable for rating purposes. A. (vi) Legal Risk

The availability of clear and unencumbered legal title and complete documentation pertaining to ownership of property and rental deeds is vital for the REIT sector to grow. Along with these, compliance with all applicable building codes and other applicable regulations in addition to availability of completion certificates from the relevant building authority are considered during the ratings process, as these are necessary prerequisites to the very launch of a REIT fund.

A. (vii) Project Implementation Risk

Project implementation risk is unique to Development REIT schemes and may significantly impact return to investors, given that the return depends on timely completion of the project. This becomes particularly critical in funds with a limited life and will be a key rating factor for Development REITs. Development partners with demonstrated track record will be viewed favorably at rating inception.

VIS focuses on identifying the key risks which could impede the timely completion of the asset including possible cost overruns. Risks to project completion may also arise due to funding constraints or regulatory issues or there may be evolving market dynamics that may adversely impact construction pace.

For PPP RIET Schemes, achievement of milestones in line with the Concessions Agreement will be critical.

B. MANAGEMENT RISK

With respect to intangibles, management skills are paramount. Given the role of both REIT Management Company (RMC), Development Advisor and/or Property Manager in conducting the affairs of a REIT fund, management meetings with key personnel of these institutions is an integral part of the rating process. VIS will also evaluate other third-party service providers for their profile and experience.

B. (i) REIT Management Company

The REIT Management Company (RMC) is evaluated in terms of its strength, experience and previous know-how in the real estate sector. VIS primarily considers a company's transparency, financial prudence, and management credibility. The ability of a company to hire or retain qualified personnel in positions of leadership, management and investment team will signify its ability to sustain operations.

The investment strategy, growth strategy, asset selection process, decision-making process, negotiation skills, policies on the purchase and sale of properties, information collection systems, methodologies for evaluating asset performance, and administrative framework are some of the key factors to be considered.

B. (ii) Third Party Service Providers

Any REIT scheme would have five to six independent third party service providers which in turn will be appointed by the RMC; these may include Property Manager, Transaction Advisor, Investment Advisor, Trustee, Valuer, External Auditors, Shariah Advisor, Registrar and Independent Consultant. From the maintenance of REIT property to the timely disclosure of financial statements and holding of trust property on behalf of the unitholders along with obligation to ensure conformity to Offering Document or Concession Agreement, these third parties provide services that are critical to the protection of interests of various stakeholders and in turn affect the overall marketability of a REIT fund. In view of this, an appropriate mechanism must exist at the RMC level which provides the basis for soliciting the services of various third party service providers.

Regulations provide for the minimum criteria for appointment of third parties and compliance with the same will be evaluated. While regulations also provide for the mechanism of replacement of servicing entities, continuity is viewed positively. It is for this reason that in addition to the management related factors of the servicing entities, financial viability is also important to the extent that it ensures continuity of operations and services to the REIT fund.

Each party plays a unique role which if undertaken by quality service providers, may limit risk to investors. For instance, the Development Advisor plays a critical role in case of a Development REIT scheme as the timely completion of the proposed property is fundamental to generating the promised return for investors. In case of a non-PPP REIT scheme, the Valuer is required to at least once in every half year and for a PPP RIET scheme once every year, value the real estate. The capital gains arising from such valuation exercise may form a sizable portion of the fund's Net Asset Value (NAV) over time.

B. (iii) Independence

The regulations require that the Valuer, Independent Consultant(s), the RMC, the Trustee, and where applicable, the Transaction Advisors, shall not be related to each other in any manner. In addition to this, disclosure with respect to policy for related party transactions are keenly reviewed; these contracts must be executed at an arm's length basis.

C. FINANCIAL RISK

In a Development REIT, land is acquired for the purposes of development, construction, refurbishment, rehabilitation, management and/or operation of such real estate for industrial, commercial, residential purpose or a combination, which is then subsequently sold off. On disposal of real estate, the scheme is dissolved and proceeds from sale of property distributed to the unit holders. The returns in a Development REIT scheme are therefore generally back loaded.

A Rental REIT scheme primarily focuses on making investments in commercial or residential real estate with a purpose of generating rental income. Returns to investors are focused on a steady dividend stream on the back of recurring rent revenues rather than on realizing capital gains on sale of property.

REITs are expected to be able to receive favorable tax treatment, provided they distribute 90% of profits to shareholders. This special tax status is one of the main benefits of a REIT, though having different implications for different REIT types, as discussed later in the document.

C. (i) Stability of Cash Flows

C. (i) a. Development REIT

In a Development REIT scheme, initial capital may most likely be received or invested in the form of a land parcel. The actual development of the property would be undertaken by way of advances raised from customers. The steady flow of customer advances is considered necessary to ensure construction proceeds as planned. In the absence of this, a REIT scheme may have to undertake borrowings. VIS will look at past track records of the developer to evaluate its ability to market and sell; while market dynamics will also impact the project off-take and hence cash flows. In line with the business risk factors, sensitizing sales plans will be critical to gauge the cash flow impact.

Funding plan in the Development REIT is a key component. Availability of adequate funding at hand together with access to liquidity sources will mitigate construction and cost overrun risk to some extent and will be critical from ratings perspective.

C. (i) b. REIT Rentals

The stability of a Rental REIT fund's cash flows would be determined by the property quality, structure of rent agreements, occupancy ratio and financial health & profile of its tenants whereas return would be determined after taking into account both variable and fixed costs. Generally, costs to be borne by the REIT fund are variable in nature and linked to the level of operating income.

Well executed rent agreements are considered positively from a ratings perspective. Moreover, the length of rent agreements provides an indication of the stability of cash flows that will be generated by a fund. At one end of the spectrum are rent agreements which may be terminated at short notice, which may lead to sudden variations in occupancy levels and may be most vulnerable to changes in the external environment versus long term rent agreements, with built-in rent escalation clauses, which are likely to result in a steady stream of rental income and are viewed favorably from a ratings perspective. Tenure of rent agreements may vary by property type; apartments, hotels and retail space may entail short term rent agreements versus long dated agreements for health care facilities and office space. Generally speaking, high switching costs and networking effects may deter tenants from terminating agreements; the former may be true for office occupants whereas the latter may be applicable to retail mall tenants. It also follows that office properties may be rated higher due to longevity of contracts and stickiness of tenants versus residential properties.

Typically, rental yields in Pakistan have remained lower than inflation rate. Rent escalation clauses in tenancy contracts can help maintain the yields at current value of the investment largely consistent over time.

C. (ii) Leverage & Capital Structure

Regulations place no limit on borrowings or on the amount of customer advances that may be raised by a REIT Scheme. There is however a requirement on the RMC to obtain prior approval of the Unit Holders by way of a Special Resolution for any borrowing that exceeds twenty-five percent (25%) of the reported total assets of the REIT Scheme.

As such, borrowing requirements are not expected to arise in case of a Rental REIT scheme, with the exception of any large- scale maintenance expenditure. On the other hand, in a Development REIT scheme, the project is mostly funded by customer advances while borrowings may also be anticipated to ensure steady construction pace. Typically, funds rated in the 'A' category and higher would generally feature total debt at under 45% of assets, over the life of the fund. VIS will track the debt service coverage ratio as well, while sensitizing this number under various scenarios of price and quantity of units sold.

C. (iii) Return Prospects

C. (iii) a. Development REIT

Development REITs while offering greater return potential may be exposed to greater risk than Rental REITs to the extent that construction costs need to be funded over an extended period, while being exposed to market value fluctuations. This risk is somewhat mitigated in cases where upfront sale agreements have been executed ensuring off-take on completion. Similarly, risk of cost-overrun remains elevated in a Development REIT for which no hedging/indexing arrangement may be available. Accordingly, operational efficiency has particular significance, as it is important for the project to be completed on time and within budget, if the profit potential of the investment is to be fully realized.

Development and sales plan disclosed in the Information Memorandum (IM) along with assumptions related to sales price and construction costs are analyzed in light of the target market and duly sensitized by VIS to gauge the impact on proposed return to investors. The extent of contingencies built in the project will also reflect favorably on ratings.

Return to investor is typically back loaded in a Development REIT and therefore VIS will look at return prospects over the life of the fund instead of focusing on a given year. Appreciation in NAV will most likely depend upon the progress of the project as per plan and realization of projected sale proceeds on project off-take. VIS will track deviations in project implementation over time and its impact on returns. As ratings move up the band, the diversion buffer will narrow down.

C. (iii) b. REIT Rental

Return to investors may be broken down into the realized rental income received as dividend and price appreciation in the units of the fund. From an investor's perspective, a REIT fund that is able to generate positive real returns is likely to be viewed more favorably versus a situation where the investor's return is not able to keep pace with inflation. While on one hand dividend yield would depend on fund specific factors, the general trend in rental yields in any market is also likely to be a key determinant of the same. Likewise, appreciation in the unit price of the fund would depend both on dividend yield and market forces. Moreover, ability to actually realize the price appreciation may depend on the liquidity in the secondary market allowing the investor to off-load his holding; however, this factor is beyond the scope of the rating methodology at hand. As tenancy contracts generally have escalation clauses built-in, the yield to investors may be able to keep pace with inflation, though rental yields have typically remained lower than interest rate levels in the Pakistan market.

Rating Scale and Definitions may be accessed at (https://docs.vis.com.pk/docs/VISRatingScales.pdf).

KEY DEFINITIONS- APPENDIX I

"REIT Scheme" means a closed-end trust fund set up under the applicable Trust Laws and these Regulations for undertaking REIT Project(s);

"REIT Fund" means amount of capital injection in the form of either equity investment (cash or in kind) or Borrowing or a combination thereof to finance the REIT Scheme;

"Public Private Partnership" means a collaboration or an arrangement between an Implementing Agency and a private sector entity to finance, build, and/or operate a project under the ambit of federal or provincial laws in Pakistan regulating public-private partnerships;

"Developmental REIT Scheme" means a REIT Scheme established for investment in one or more REIT Projects with the objective of development, construction, refurbishment and/or rehabilitation of the Real Estate;

"Rental REIT Scheme" means a REIT Scheme established with the object of making investment in one or more REIT Project(s) with the purpose of generating rental income from it;

"Hybrid REIT Scheme" means a REIT Scheme, which is a combination of different types of REIT Schemes;

"RMC" means a duly incorporated public limited company which has been licensed by the Commission under the Rules to undertake REIT Management Services.

"Development Advisor" means a single entity or a consortium of entities (duly registered or licensed with their respective professional body/association/council, etc.) that can undertake the planning, design, costing, scheduling, contract preparation, coordination and supervision of a REIT Scheme.

"Property Manager" means a person appointed by the RMC and/or SPV to manage and maintain the Real Estate;

"Transaction Advisor" means the financial, technical, legal and other consultants required to be appointed by the RMC.

"Valuer" shall have the same meaning as assigned to it in the Companies (Further Issue of Shares) Regulations, 2020 to determine the value of the Real Estate and also includes valuer recognized by foreign regulatory authority approved by the Commission.

Faheem Ahmad

President & CEO, VIS Credit Rating Company Limited
Founder, VIS Group Chairman,
Vice-Chairman, Association of Credit Rating Agencies in Asia

Mr. Ahmad possesses 30+ years experience in financial risk assessment with focus on Islamic finance, venture capital and general management. He has top level management experience at international level in the fields of credit ratings, Islamic and conventional financial risk assessment modeling, industrial management and construction engineering. Mr. Ahmad is an active participant at international forums on Credit Ratings. He obtained his B.S in Civil Engineering from NED University of Engineering and Technology, Karachi. He also has Masters Degrees in Engineering and Business Administration from USA.

Javed A. Callea - Member

Advisor

Mr. Callea is a professional in the financial sector with over 35 years of experience mostly in the financial institutions with certain exposure to service and infrastructure sectors in Pakistan. He has held the position of Chief Executive of a leasing company for 10 years. His core areas of expertise cover leasing, development financing, project management, investment & merchant banking, strategic investment management and real estate. Major financial institutions he worked for include Pakistan Industrial Credit and Investment Corporation, State Life Insurance Corporation, Bankers Equity, Crescent Leasing Corporation and Saudi Pak Ind. & Agri. Inv. Company. He has also served as Member Finance of Water & Power Development Authority of Pakistan and as member of the Inquiry committee on stock exchange crises in 2000 commissioned by the SECP. He earned his MBA degree from the Institute of Business Administration in 1974.

Sara Ahmed

Director - Ratings

Sara Ahmed possesses 17+ years of experience in financial risk assessment and credit structuring. She has worked in Corporate Banking & Risk Management functions locally as well as internationally. Sara has been involved in the entity ratings of numerous corporate organizations as well as financial institutions besides being part of the Methodology and Criteria Development team. She holds a Master's degree in Business Administration from the Institute of Business Administration, Karachi (2001).

Jahangir Kothari Parade (Lady LLoyd Pier) Inspired by Her Excellency, The Honorable Lady Lloyd, this promenade pier and pavillion was constructed at a cost of 3 Lakhs and donated to the public of Karachi by Jahangir Kothari to whose genrosity and public spirit the gift is due. Foundation stone laid on January 5, 1920. Opened by Her Excellency, The Honorable Lady Lloyd on March 21, 1921.

Dome: A roof or vault, usually hemispherical in form. Until the 19th century, domes were constructed of masonry, of wood, or of combinations of the two, frequently reinforced with iron chains around the base to counteract the outward thrust of the structure.

Origins: The dome seems to have developed as roofing for circular mud-brick huts in ancient Mesopotamia about 6000 years ago. In the 14th century B.C. the Mycenaean Greeks built tombs roofed with steep corbeled domes in the shape of pointed beehives (tholos tombs). Otherwise, the dome was not important in ancient Greek architecture. The Romans developed the masonry dome in its purest form, culminating in a temple built by the emperor Hadrian. Set on a massive circular drum the coffered dome forms a perfect hemisphere on the interior, with a large oculus (eye) in its center to admit light.

VIS Credit Rating Company Limited is committed to the protection of investors and offers a blend of local expertise and international experience to serve the domestic financial markets. With its international reach, VIS is positioned to aim for an international mark. In this regard, the global experience of our international affiliates and partners have been invaluable towards adding depth to our ongoing research endeavors, enriching us in ways, that enable us to deliver our responsibilities to the satisfaction of all investors. The edifice of the Jahangir Kothari Parade has stood proudly through the years and is a symbol of our heritage. Its 'Dome' as the most stable of building structures, exemplifies architectural perfection. Committed to excellence, VIS continues its endeavour to remain an emblem of trust.

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