

SHIELDS REIT MANAGEMENT COMPANY LIMITED

Analyst:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating MQR	Previous Rating MQR
REIT RATING	AM4+ (RMC)	AM4+ (RMC)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Reaffirmed
RATING DATE	March 19, 2026	December 05, 2024

Company Information

Incorporated in 2022	External Auditors: Grant Thornton Anjum Rahman Chartered Accountants
Unlisted Public Limited Company	Chairman of the Board: Mr. Abdullah Dadabhoy
Key Shareholders (with stake 5% or more):	CEO: Mr. Abdul Ghani Dadabhoy
Shield (Pvt.) Limited – 83.33%	
Mr. Mohammad Ali – 8.33%	
Ms. Mehrnaz Asghar Khan – 8.33%	

Applicable Rating Methodology**REIT Management Rating**

<https://docs.vis.com.pk/Methodologies-2025/REIT-MC-Jan-2025.pdf>

Rating Scale

<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

Rating Rationale

Shield REIT Management Company Limited ('SMRCL' or the 'RMC') rating reflects the RMC's affiliation with the Dadabhoy Group, which provides strategic support through its established presence in real estate development and access to a sizable land portfolio. Governance structures are evolving, supported by a diversified board and recently established board committees. The rating also considers the RMC's defined investment framework, formalized policies aligned with regulatory requirements, and plans to establish and manage multiple developmental REIT schemes. Several projects are in advanced planning or early development stages, with regulatory approvals obtained and initial construction progress in certain cases. However, the RMC has yet to operationalize its REIT schemes and therefore lacks a demonstrated track record in fund management and asset performance. Financial risk remains limited given the modest scale of operations, low leverage profile, and adequate capitalization, though earnings generation is currently constrained pending the launch of planned funds.

Company Profile

Shields REIT Management Company Limited ('SRMCL' or the 'RMC') was established in July 2022 as a Public Limited Company under the Companies Act, 2017, and received its license from the Securities and Exchange Commission of Pakistan (SECP) in April 2023. SRMCL functions as a subsidiary of Shields (Private) Limited (SPL), a real estate-focused company affiliated with the Abdullah Dadabhoy Group of Companies, which holds an 83.33% stake in the RMC. The Group, which owns a significant land portfolio in Karachi, have launched two major housing projects and introduce REIT funds through SRMCL. The primary objective of SRMCL is to establish REIT schemes and provide REIT management services in line with the Real Estate Investment Trust Regulations, 2022. However, as of 30th June 2025, the RMC has not yet launched any REIT schemes.

After 1947, in Karachi, Mr. Abdul Ghani Dadabhoy (Late) established a trading house that initially focused on cotton ginning, oil plants, and construction. By the 1990s, the Dadabhoy name had evolved into a prominent conglomerate, diversifying into sectors such as cement, sanitary products, plastic ware, lubricants, paper sacks, prefabricated construction materials, and agricultural equipment. During this period, leasing and insurance companies were also added to the portfolio. In the 1990s, a strategic restructuring within the family business led to the formation of the Abdullah Dadabhoy Group. Since then, the Abdullah Dadabhoy Group, composed of various entities, has expanded into multiple sectors, including real estate development, higher education, media, investments, and healthcare. The Group's real estate development companies include Dadabhoy Agencies (Pvt) Ltd, Dadabhoy Investments (Pvt) Ltd, Dadabhoy Housing (Pvt.) Ltd., Destiny Developers (Pvt.) Ltd., New Lasbela Holdings, and SPL.

The Group's prime properties in Karachi include:

- A 2.4-acre plot near Karachi University, designated for high-rise residential and commercial development.
- A 300-acre plot at Hawkesbay Scheme 42, adjacent to public and private housing schemes.
- A 40-acre plot in Scheme 33, near Jinnah Avenue, surrounded by upscale housing communities.
- A 12-acre plot in Scheme 33, located in a densely populated area.
- A 15-acre plot in Scheme 33, suitable for a low-cost housing project.
- A 52-acre plot near Al-Azhar Garden, Scheme 33, Karachi.

Ownership, Management & Governance

CHAIRMAN/CEO PROFILE

Mr. Abdullah Dadabhoy serves as the Chairman of SRMCL. He is the founder and owner of several companies, heads numerous philanthropic organizations, and patron of many social welfare organizations, in and outside Pakistan. As Chairman of Dadabhoy Housing & Investments, he has pioneered several real estate projects enabling the development of various low-cost housing projects in and around Karachi.

Mr. Abdul Ghani Dadabhoy serves as the CEO of SRMCL. He completed his early business education from the Institute of Business Management, Karachi, Pakistan. He obtained a certification from London School of Economics, and his MBA from said Business School, University of Oxford, England. He is also certified director from ICMA Pakistan. He began his professional career in the year 2007 and within a span of thirteen years he is now serving at key directorial positions of various Dadabhoy businesses. Besides Group Companies, he is Director of Boards of Nadara Technologies Limited and National Power Parks Management Company Pvt Ltd. Most recently he has been appointed as Honorary Consul General of Republic of Lithuania.

BOARD & SENIOR MANAGEMENT

The governance framework of SRMCL is structured to ensure adequate oversight, transparency, and effective decision-making. The Board of Directors comprises seven members, including five male and two female directors, reflecting gender diversity in line with regulatory expectations. The Board's composition includes two independent directors, four non-executive directors, and one executive director, providing an appropriate balance between management representation and independent oversight. During the year, a change in Board composition was observed with the appointment of Nataasha Jahangir as a Non-Executive Director, replacing Muhammad Ali Batwa, following approval from the Securities and Exchange Commission of Pakistan on July 17, 2025.

To strengthen governance practices, the Company established two Board-level committees during the year: the Audit Committee and the Human Resources & Remuneration Committee. The Audit Committee comprises three members, including one independent director and two non-executive directors, and is chaired by an independent director to ensure objective oversight of financial reporting and internal control processes. The Human Resources & Remuneration Committee is also chaired by an independent director and includes two non-executive directors and one independent director. Both committees operate under clearly defined and documented Terms of Reference.

At the management level, the Company is supported by an experienced executive team with more than four decades of combined experience in real estate development and property management. The team has been associated with the successful delivery of several projects, including Dadabhoj Center, Al Aisha Square, Darakhshan Villa, Pir Gul Hassan Town, and Pir Ahmed Zaman Town. Operationally, the Company follows a formal organizational structure comprising six key functional departments: Finance, Investments, Projects, Sales & Marketing, Human Resources, and Compliance. Each department is headed by a functional lead who reports directly to the Chief Executive Officer, facilitating effective operational oversight and coordination. To ensure robust governance, the Internal Audit department led by an appointed Head of Internal Audit who oversees all internal controls and operational processes, reports directly to the Audit Committee. The Audit Committee, in turn, provides its findings and oversight reports to the Board.

AUDIT OPINION

Grant Thornton Anjum Rahman Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified and unmodified opinion, affirming that the Company's financial statements comply with accounting standards and accurately portray the Company's financial position as of FY25.

Business Risk

INDUSTRY UPDATE

As of Dec'25, there are 38 licensed and notified REIT Management Companies in Pakistan with PKR 16.1bn of total assets, contributing 0.2% to the NBFi Industry. As of Dec'25, there are 19 registered REIT schemes with PKR 209.0bn of total assets. Out of the 19 registered REIT schemes, 16 are development, 2 are rental and 1 is hybrid.

Looking ahead through the remainder of FY25 and into early FY26, the REIT sector's outlook is increasingly positive. The pivot toward a lower interest rate environment is the primary catalyst, as it reduces construction financing costs and makes the dividend yields of Rental REITs more attractive compared to traditional fixed-income savings. Regulatory momentum is also at a peak; the SECP's January 2026 revamp of the REIT Regulations has streamlined registration procedures and introduced clearer timelines for the transfer of real estate and SPV shares. These reforms are specifically designed to promote the "early listing" of schemes on the Pakistan Stock Exchange, transforming REITs into a more liquid and visible asset class for retail investors. With stabilizing inflation and a projected GDP recovery, the sector is well-positioned to move from a phase of cautious planning into active execution and public launches.

Internal Controls & Investment Process

The investment and borrowing framework of Shield RMC Limited is guided by the provisions of the REIT Regulations 2022, with regulatory requirements of the Securities and Exchange Commission of Pakistan taking precedence over internal policies where applicable. The Company's investment objective is to generate total returns through a combination of regular dividend income and long-term capital appreciation by developing and managing a diversified portfolio of developmental and rental REIT funds.

Investment decisions are based on a structured evaluation process focusing on projects located in major urban centers of Pakistan, credible sponsors (preferably institutional), clear land titles verified through legal due diligence, and strong projected returns relative to alternative opportunities. Financial projections are reviewed by reputable accounting firms to ensure reliability and compliance with REIT distribution requirements for tax efficiency. Investments may be undertaken directly or through Special Purpose Vehicles (SPVs), and may include both Shariah-compliant and conventional REIT structures, subject to regulatory approval.

Risk management is embedded within the investment policy. The Company may employ leverage to enhance returns, with borrowings capped at 75% of gross assets at the time of investment. Measures such as locking in borrowing rates and forward procurement of key construction materials may be used to mitigate financing and cost volatility risks. Surplus funds are placed with banks holding at least an A1 short-term credit rating with maturities not exceeding six months.

Assets under Management & Fund Performance

SRMCL is currently in the process of registering three REIT funds to manage real estate projects in collaboration with Saima Group, who has been outsourced for development, marketing, and project management. The registration with SECP is expected by March 2026 and listing is expected by June 2026.

- A. **Shield Tower Development REIT (STDR):** The proposed fund will comprise a closed-end developmental REIT for the Saima Shield Towers project located near Dow University Ojha Campus on Suparco Road in Scheme 33. The project involves the development of four residential towers on a 3.4-acre site, now fully owned by the Dadabhoj Group, with all key approvals including the sale NOC and construction permit obtained. Originally planned as a 16-floor structure with 866 units, the design was revised to 12 floors as

approved by SBCA, reducing total units to 636 and lowering the project cost from PKR 13.6bn to PKR 7.9bn, with the estimated IRR adjusting from ~39% to ~27%. The project was launched in June 2025, with 275 units already booked (PKR 5.9bn sales, PKR 1.0bn collected) and construction underway. The initial REIT fund size is proposed at PKR 2.0bn (par value PKR 10 per unit), while the project is expected to generate total revenues of ~PKR 17.5bn.

- B. Shields Avenue Development REIT Fund (SADRF):** The proposed fund includes a closed-end developmental REIT project, Saima Ace Avenue, located on Main Super Highway opposite New Sabzi Mandi, with Dadabhoy Agencies (Pvt) Ltd. as the primary investor. The project is being developed on a 3,422 square yard site valued at PKR 427.8mn, with all key approvals, including the sale NOC and construction permit, in place. Site inspection has been completed, the site office is operational, and foundation works have already been finalized. The development comprises 188 units (176 residential and 12 commercial), of which 125 units have already been booked, while further bookings will resume as construction progresses and unit prices are revised. Construction has advanced to the 4-floor grey structure, with commercial shops nearing readiness. The total project cost is estimated at PKR 1.6bn, with an expected IRR of approximately 41%.
- C. Shields Residency Development REIT Fund (SRDRF):** The proposed fund will include a closed-end developmental REIT project, Saima Ace Residency, located on Main Super Highway opposite New Sabzi Mandi, with Destiny Developers (Pvt) Ltd. as the primary investor. The project is planned on a 3,444 square yard site valued at PKR 430.6mn, with all key approvals, including the sale NOC and construction permit, already obtained. While the site inspection has been completed, the site office is yet to become operational. The development will comprise 190 units (180 residential and 10 commercial). The total project cost is estimated at PKR 1.9bn, with an expected IRR of approximately 31%.

Moreover, two additional funds have been planned which are yet to take shape.

- D. Hawksbay Shields Development REIT (HSDR):** The proposed fund will be a closed-end REIT with a ten-year tenure, focused on the development of a large-scale residential project at Hawkes Bay Scheme 42. The project will span approximately 400 acres and is currently in the negotiation stage with a potential real estate developer. The master plan has been designed by Vincent J.H. Lo Chartered Architects in collaboration with SA Architect. The development will feature a mix of high-end bungalows, upscale and mid-cost apartments, and standard houses, with unit sizes ranging from 720 sq. ft. to 4,500 sq. ft. The scheme will be divided into multiple blocks with dedicated commercial areas, mosques, hospitals, parks, and gated access. The land is valued at PKR 32.0bn, with estimated construction costs of PKR 250.0bn and a projected IRR of around 44%.
- E. Private Equity Fund (PEF):** SRMCL is diversifying the business of Funds Management and looking forward the avenues in Private Equity sector, license for the same was granted by SECP in Jun'25. No work has been undertaken in this area so far; however, through the platform of its holding company, Shield (Pvt.) Limited, SRMCL has invested in a couple of startup projects and is expecting favorable returns. Eventually, SRMCL plans to transfer these projects to its PEF and manage them independently.

Financial Analysis

To date, no income has been recorded as the REIT funds have not yet officially launched. However, with the anticipated rollout of its first three funds currently underway, the RMC expects to begin generating revenue in the near future. RMC's only source of income is the income from profits on bank balances which declined to PKR 4.8 mn in FY25 (FY24: PKR 6.8mn), owing to a decline in profit rates on term deposit receipts (8.40% to 19.57% in FY25 vs 15.75% vs 21.57% in FY24). The administrative expenses declined to PKR 3.2mn in FY25 (FY24: PKR 5.1mn), due to absence of rent and repair & maintenance expenses incurred in FY25. In compliance with section 3 of the REIT Regulations 2022, SRMCL has maintained a paid-up capital of PKR 50.0mn, with a projected annual management fee for REIT projects set at 1.5% of the fund's value. Also, it has injected PKR 10.0mn equity during the year for the requirement of PEF which was launched during the year, thereby increasing its paid-up capital to PKR 60.0mn. While the funds' performance track record is expected to develop over time, the RMC benefits from its association with the Abdullah Dadabhoy Group, whose extensive experience in real estate and financial support provide comfort to the management quality rating.

Financial Summary	(PKR Mn)		
	FY23A	FY24A	FY25A
Balance Sheet			
Formation Cost Receivable	0.0	9.1	1.6
Cash & Bank	49.2	33.9	59.4
Total Assets	49.8	50.9	63.0
Non-current Liabilities	0.0	0.0	0.0
Current Liabilities	0.6	0.6	1.5
Paid Up Capital	50.0	50.0	60.0
Net Equity	49.2	50.3	61.4
Income Statement	FY23A	FY24A	FY25A
Revenue	0.0	0.0	0.0
Administrative Expenses	(2.8)	(5.1)	(3.2)
Other Income	2.0	6.8	4.8
Profit Before Tax	(0.8)	1.7	1.5
Profit After Tax	(0.8)	1.2	1.1
Ratio Analysis	FY23A	FY24A	FY25A
Current Ratio (x)	81.0x	70.4x	40.3x
ROAA (%)	-1.7%	2.3%	1.9%
ROAE (%)	-1.7%	2.4%	2.0%
*Annualized, if required			
A - Actual Accounts			
P - Projected Accounts			
M - Management Accounts			

REGULATORY DISCLOSURES **Appendix I**

Name of Rated Entity	Shields REIT Management Company Limited			
Sector	Asset Management Companies			
Type of Relationship	Solicited			
Purpose of Rating	Management Quality Ratings (REIT Management Company)			
Rating History	Rating Date	REIT Rating	Rating Outlook	Rating Action
	RATING TYPE: ENTITY			
	19-Mar-26	AM4+ (RMC)	Stable	Reaffirmed
	05-Dec-24	AM4+ (RMC)	Stable	Reaffirmed
	01-Nov-23	AM4+ (RMC)	Stable	Initial
Instrument Structure	N/A			
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.			
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.			
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Due Diligence Meeting Conducted	Name	Designation	Date	
	Mr. Aamir Shaikh	CFO	25 th February, 2026	
	Mr. Muhammad Ahmed	Compliance Officer		