

IMAGE REIT

Analysts:

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RATING DETAILS

RATINGS CATEGORY	Latest Rating	Previous Rating
REIT RATING	RFR3 (hr)	RFR3(hr)
RATING OUTLOOK/ WATCH	Stable	Stable
RATING ACTION	Reaffirmed	Initial
RATING DATE	May 13, 2026	March 19, 2025

Scheme Information

REIT Name: Image REIT	Auditor: Crowe Hussain Chaudhury & Co. Chartered Accountants
RMC: Sinolink REIT Management Company Limited (SRMCL)	CEO: Mr. Anjum Adil
Scheme: Listed Hybrid REIT	Chairman: Mr. Asad Ahmad
Shareholding 5% or more: Mr. Asad Ahmad – 51.20% First Tri-Star Modaraba – 15.44% General Public – 32.13%	Valuer: Sadruddin Associates (Private) Limited
	Development Advisor: R.H. Memon Consulting Engineers

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – REIT Fund Rating
<https://docs.vis.com.pk/Methodologies-2025/REIT-Fund-Rating-Methodolgy-Jan-2025.pdf>

Rating Scale

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

Rating Rationale

Image REIT's rating reflects the stability of its fully occupied, income-producing rental asset, which benefits from annual lease renewals with sponsor-group tenants, supporting predictable cash flows. The REIT's hybrid structure, with the development component fully equity-funded through the IPO, eliminates funding risk, while a debt-free capital structure and strong post-IPO liquidity provide financial flexibility for construction over an extended horizon.

These strengths are balanced by moderate-to-high execution risk in the development phase, coupled with relatively long build-out period. Revenue and tenant concentration within the sponsor group elevates counterparty risk. Governance improvements in line with the regulations are underway. The rating remains underpinned on expectations of stable rental income further supported by planned development progress.

Scheme Profile

Image REIT ('IREIT' or the 'Scheme') was established through a Trust Deed dated July 01, 2022, between Sinolink REIT Management Company Limited (SRMCL) as the REIT Management Company (RMC) and Central Depository Company of Pakistan Limited (CDCPL) as the Trustee. The Scheme is governed under the REIT Regulations, 2022. The Trust Deed was registered on July 01, 2022, and the SECP granted approval for the REIT Scheme's registration on March 07, 2023. The Scheme operates as a perpetual, closed-end, Shariah-compliant hybrid REIT, integrating rental income with capital appreciation from its development component. With a fund size of PKR 2.8bn, it operates in three segments; residential, commercial and retail. This structure allows the scheme to generate lease revenue while also benefiting from the appreciation of newly developed properties. The scheme was listed on the Pakistan Stock Exchange (PSX) on October 06, 2025.

The rental component Comprises of a six-story constructed and oriented commercial property admeasuring 360 sq. yds., located at Plot No. A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi, with a built-up area of 23,000 square feet. This rental side of REIT is already generating revenue since July 2023.

The developmental component comprises commercial land admeasuring 500 sq. yds., located at Plot No. 19, DMCHS, Block 7/8, Tipu Sultan Road, Karachi, for construction of commercial as well as residential units on it. The project will be completed in 6 years. Upon completion of developmental work, it will be converted into a rental component and partially sold for generating income of the REIT scheme.

Sponsor Profile

Mr. Asad Ahmad, a businessman with over 35 years of experience in manufacturing, exports, imports, trade, and finance, is the primary shareholder. He holds a master's degree in Business Administration from the Institute of Business Administration (IBA), Karachi, and has a deep understanding of the corporate sector and governance. With a family history spanning over 200 years in business and 70 years in manufacturing, Mr. Ahmad brings a wealth of knowledge and leadership to the RMC. He is on the board of Directors of 4 listed companies by virtue of his position, is well versed with the corporate sector and effective in the implementation and management of the code of corporate governance at the Company. Mr. Asad Ahmed currently serves as the CEO of Image Pakistan Limited, a publicly listed company on the Pakistan Stock Exchange (PSX) since 1990. The company is involved in the manufacturing of unstitched and ready-to-wear value-added embroidered fabric, operating under women's apparel brand "Image." As of June 2025, Image Pakistan Limited had a total asset base of PKR 6.4bn, total equity base of PKR 3.8bn, turnover of PKR 3.6bn, and net profit of PKR 511.5mn for FY25. Mr. Asad Ahmad serves as the Chairman of the Image REIT Board, a position he holds by virtue of his chairmanship at Sinolink RMC.

First Tri-Star Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A.R.T. Modaraba Management (Private) Ltd. The Modaraba is a perpetual Modaraba and is primarily engaged in leasing / Ijarah of plant, machinery, motor vehicles (both commercial and private) and computer equipment, etc. The Modaraba is listed on Pakistan Stock Exchange Limited. It is an associated company, with Mr. Asad Ahmed serving as the CEO and Ms. Marium Ahmed as the non-executive director.

Management and Governance

CEO PROFILE

Mr. Anjum Adil is a practicing architect, planner & interior designer having more than 30 years' experience, running his own firm by the name of M/s. Anjum Adil Associates based in Karachi, as fellow member of Institute of Architects Pakistan (IAP) is actively involved in National and Chapter level and elected at various position like chairman, vice chairman, vice president and executive member of National Council. He is also member of IAP house Construction Committee Life member of Pakistan Council of Architects & Town Planners (PCATP) and institute of Architects Pakistan (IAP), Corporate member of Pakistan Institute of Interior Design (PIID), member licensing committee of Sindh Building Control Authority (SBCA), representing (IAP) Institute of Architects Pakistan. He is also Associate member of American Institute of Architects (AAIA) and Associate member Texas Society of Architects (TSA) U.S.A. As a professional, he is the author of many projects like Hospitals, Airports / control tower (ATC), Banks, Office Buildings, Sports Complex, Commercial, Residential and Industrial Buildings etc. along with wide professional experience of working with foreign experts on number of projects locally and internationally. Beside the above, he is the recipient of Dutch Government fellowship, awarded for Masters in Regional and Development Planning (RDP). He has also been involved in teaching as a visiting faculty of Architecture Schools in Karachi.

BOD's & COMMITTEE:

The REIT is managed by the RMC, and the Board and committees of the RMC oversee and control the management of the REIT. Currently, Mr. Anjum Adil serves as the CEO of the Scheme, with Mr. Asad Ahmad as Chairman of the Board and Ms. Mariam Ahmad as non-executive director. Following the January 2026 updates to the REIT Regulations (2022), the RMC Sinolink REIT Management Company was directed to comply with Code of Corporate Governance. The RMC is in process of complying to the Code of Corporate Governance and has received approval from regulator for appointment of two more directors while application to increase the number of board members to 7 is in process.

AUDIT OPINION:

Crowe Hussain Chaudhury & Co. Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors and with satisfactory QCR rating from ICAP, has provided an unqualified opinion, as of June 2025.

Business Risk**INDUSTRY**

Pakistan's real estate sector remained subdued during FY25, reflecting weak investment sentiment, elevated financing costs in the early part of the fiscal year, and constrained liquidity in property markets. Transaction activity remained relatively muted as higher borrowing costs limited mortgage affordability and developer financing, while continued tax documentation requirements contributed to a shift toward more formalized transactions. Nevertheless, the sector retains structural importance to the economy through its strong linkages with construction materials, banking, and allied industries. Gradual macroeconomic stabilization and the onset of monetary easing toward the latter part of FY25 supported a modest improvement in investor sentiment, with early indications of recovery emerging in 1HFY26.

Within the sector, Real Estate Investment Trusts (REITs) have continued to evolve as an institutional mechanism for formalizing property investment and development. Regulatory support and tax incentives have encouraged the gradual expansion of the REIT framework, aimed at improving transparency and facilitating participation by institutional investors. While Developmental REITs provide a structured avenue for funding construction projects, Rental REITs offer a mechanism for investing in income-generating assets to provide stable yields through lease management. Hybrid REIT schemes have emerged as a versatile model that combines both components, allowing for capital appreciation from development activities alongside steady cash flow streams from rental properties. This hybrid structure enables a more diversified risk profile by balancing the higher margins of project development with the recurring income stability of property management.

Policy measures announced in the FY26 federal budget are expected to support sector activity through reduced transaction costs and continued fiscal incentives for REIT structures. Proposed reductions in transaction-related taxes and stamp duties are intended to stimulate documented property transactions, while existing tax exemptions for REITs linked to income distribution requirements continue to support the attractiveness of these investment vehicles. For Hybrid REITs, these fiscal incentives are particularly beneficial as they apply to both development gains and rental income, provided the mandatory distribution thresholds are met. This regulatory environment remains a key driver for shifting the real estate landscape away from informal channels and toward institutionalized platforms.

The sector's outlook has become more cautious amid recent rise in interest rates, driven by higher oil prices, regional tensions, and inflationary pressures. Elevated financing costs are likely to constrain demand and slow development activity in the near term. In this environment, hybrid REITs remain relatively resilient, supported by stable rental income alongside selective development upside. However, structural challenges, including low mortgage penetration and regulatory inefficiencies, are expected to keep recovery gradual and uneven over the near to medium term.

OPERATIONS:**Rental Component:**

The Rental component continues to be strong, with 100% occupancy rate, with annual lease renewals. Vacancy risk remains low as the tenants remain group and associated companies.

Development Component:

The development component stands at the same level of construction with the basement, ground and first floor constructed and leased to Image Pakistan Limited for their retail outlet. The REIT recognized the cash proceeds from the IPO that will be used to pay for the construction. Overall construction risk is assessed as moderate to high, given potential cost escalations and regulatory delays. That said, these risks are partially mitigated by a conservative project timeline and adequate cash coverage for construction costs.

Financial Risk

REVENUE:

Rental revenue for FY25 stood at PKR 85.93mn, an increase of 108% attributable to lease renewals. Rental revenue for 9MFY26 stands at PKR 86.49mn, an increase of 43.18% from 9MFY25 (PKR 59.15mn). The development piece has not been marketed yet with the offer of sale only to be made after significant construction completion, to leverage the maximum value.

CAPITAL STRUCTURE:

During the review period, the scheme issued 92,015,467 units via IPO and raised the required PKR 920mn to fund the construction costs. The scheme remains debt free and maintains 100% equity in its capital structure. The Scheme's balance sheet is expected to remain effectively deleveraged, as the scheme does not plan to raise additional funds, with adequate funds at hand to fund construction.

LIQUIDITY:

The Scheme's liquidity profile remains strong, underpinned by a predominantly cash-backed current asset base. Cash balances have strengthened materially post-IPO, with total cash holdings increasing to approximately PKR 655.95mn. This sizable cash buffer provides a clear source of funding for the upcoming construction phase, supporting near- to medium-term liquidity needs without reliance on external borrowings.

Financial Summary				(PKR Mn)
Balance Sheet	FY23	FY24	FY25	9MFY26
Non-Current Assets - Investment Property	1717.96	2051.00	2379.04	2654.04
Receivables	0.00	19.50	6.18	31.57
Bank Balances	0.01	11.16	34.37	655.95
Other Assets	0.00	0.03	0.13	216.24
Total Assets	1717.97	2081.69	2419.71	3557.80
Payable to RMC	0.01	3.11	3.88	13.53
Accrued Expenses	0.25	3.32	13.40	8.73
Security Deposit	0.00	2.50	3.90	3.90
Total Liabilities	0.26	8.92	21.19	26.16
Paid up Capital	1717.96	1838.43	1838.43	2758.59
Unappropriated Profit	-0.25	34.39	63.85	0.93
Net Equity (excl. revaluation reserve)	1717.71	1872.82	1902.28	2759.52
Revaluation Reserve	0.00	199.94	496.25	772.12
Net Equity (incl. revaluation reserve)	1717.71	2072.76	2398.53	3531.64
Net Asset Value per unit	9.34	11.27	13.05	12.80
Income Statement	FY23	FY24	FY25	9MFY26
Rental Income	0.00	41.34	85.93	84.69
Developmental Income	0.00	0.00	0.00	0.00
Other Income	0.00	0.13	0.10	28.60
Total Income	0.00	41.47	86.04	113.29
Administrative Expenses	-0.25	-6.60	-22.95	-8.48
Trustee Fee	0.00	-0.23	-1.24	-0.46
RMC Fee	0.00	0.00	0.00	-27.45
Profit before change in fair value of investment	-0.25	34.64	61.63	76.82
Unrealized gain on remeasurement of fair value of investment	0.00	199.94	296.30	275.00
Profit After Tax	-0.25	234.58	357.93	351.82
Ratio Analysis	FY23	FY24	FY25	9MFY26
Operating Profit Margin	NA	83.54%	71.64%	67.81%
Current Ratio	0.04	3.44	1.92	26.50
Gearing (x)	0.00	0.00	0.00	0.00
Leverage (x)	0.00	0.00	0.01	0.01
ROAA (%) (excl. unrealized gain)	NA	1.82%	2.55%	2.16%
ROAE (%) (excl. unrealized gain, and capitalization reserve)	NA	1.93%	3.24%	2.78%

REGULATORY DISCLOSURES		Appendix II																		
Name of Rated Entity	Image REIT																			
Sector	Real Estate Investment Trust																			
Type of Relationship	Solicited																			
Purpose of Rating	REIT Fund Rating (Hybrid REIT)																			
Rating History	<table border="1"> <thead> <tr> <th>Rating Date</th> <th>Rating</th> <th>Rating Outlook</th> <th>Rating Action</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;">RATING TYPE: REIT Fund Rating (Hybrid REIT)</td> </tr> <tr> <td>13-05-2026</td> <td>RFR3 (hr)</td> <td>Stable</td> <td>Reaffirmed</td> </tr> <tr> <td>19-03-2025</td> <td>RFR3 (hr)</td> <td>Stable</td> <td>Initial</td> </tr> </tbody> </table>	Rating Date	Rating	Rating Outlook	Rating Action	RATING TYPE: REIT Fund Rating (Hybrid REIT)				13-05-2026	RFR3 (hr)	Stable	Reaffirmed	19-03-2025	RFR3 (hr)	Stable	Initial			
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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.																			
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Due Diligence Meetings Conducted	<table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Mr. Asad Ahmad</td> <td>BOD Chairman</td> <td>23 Apr 2026</td> </tr> </tbody> </table>	Name	Designation	Date	Mr. Asad Ahmad	BOD Chairman	23 Apr 2026													
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