VIS
Credit Rating Company Limited

RATING REPORT

Analysts:
Saeb Muhammad Jafri
(saeb.jafri@vis.com.pk)

APPLICABLE METHODOLOGY(IES):
VIS Entity Rating Criteria Methodology – Industrial Corporates
(https://docs.vis.com.pk/docs/CorporateMethodology.pdf**)**

Rating Scale:
(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

BRENTWOOD HOSPITALITY (PRIVATE) LIMITED

Chief Executive: Shoaib Feroz

RATING DETAILS

RATINGS CATEGORY	LATEST RATING	
	Long-term	**Short-term**
ENTITY	A-	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	July 01, 2025	

RATING RATIONALE

An initial long-term entity rating of ‘A-’ and a short-term rating of ‘A2’ have been assigned to the Company, with a stable outlook. The project is an underconstruction premium hotel, in collaboration with Pullman Hotels and Resorts brand under the umbrella of AccorHotels Middle East & Africa. The project remains in the development phase with execution risk persisting until construction is completed and operations commence, which is expected within two years as per management estimates. Development risks are mitigated as the project’s structural framework, including core and shell construction, has been completed, with only the fit-out phase pending.

The ratings incorporate moderate sector risk and take into account the project's location in a high-footfall commercial area, along with its affiliation with an international hospitality brand, which is expected to support market positioning and revenue potential.

The ratings are underpinned by sponsor commitment from Al-Feroz Group, demonstrated through both asset contributions and financial assistance during the initial debt servicing period. This support is viewed as a key mitigant to risks arising from the projected financial profile, which is expected to remain constrained due to limited liquidity and debt servicing capacity in the initial years, with projected reliance on competitive segments for revenue.

Going forward, the ratings will remain underpinned by the continued availability of sponsor commitment to address potential cost overruns and to provide debt servicing support, if required, through the Parent.

COMPANY PROFILE

Brentwood Hospitality (Private) Limited ("BHPL" or "the Project'' or "the Company"), is a wholly owned subsidiary of Al-Feroz (Private) Limited ("AFPL" or "the Holding Company"). Through BHPL, the Holding Company is undertaking the development of a premium hotel and serviced apartments project within Dolmen City, Karachi. Located in Sky Towers – East Wing. The Project is positioned to cater to the upper segment, targeting both business and leisure travelers.

Group Profile

BHPL is a part of the Al-Feroz Group, which operates in Pakistan's real estate sector. The group consists of two entities, AFPL and BHPL. AFPL specializes in real estate development, with a portfolio that includes projects such as Brentwood Signature-27 and Grand Bazaar along with investment stake in Sky Towers, the Corporate Offices Block (both in Dolmen City), Dolmen Malls (Tariq Road and Hyderi) and Dolmen City REIT The group is primarily owned by the Feroz family, with its strategic focus on high-end residential, commercial, and hospitality developments.

Hotel Brand

Pullman Hotels and Resorts operates as an upscale hotel brand under the Accor Group, targeting business and leisure travelers. As of December 31, 2024, the brand manages 159 hotels , comprising 45,115 rooms across 42 countries. Its geographic presence includes Africa, the Americas, Asia, Europe, the Middle East, and Oceania.

The brand's positioning integrates contemporary design elements, culinary offerings, and fitness facilities to accommodate both professional and recreational needs. Originally associated with the Pullman Company, historically known for luxury railroad travel, the brand maintains a service model that reflects its heritage in premium hospitality.

Scope of the Project:

The Hotel & Serviced Apartments Project at Dolmen City, Karachi, is being developed by BHPL as a hospitality venture within one of Pakistan's major mixed-use developments. The Project is positioned to provide upper-upscale accommodations and facilities targeting both business and leisure travelers. Its location within 35 floors Sky Tower building within Dolmen City, which includes commercial offices, corporate spaces, and Dolmen Mall Clifton, supports foot traffic from business and retail visitors, contributing to its accessibility and demand.

The hotel will span 16 dedicated floors, each covering approximately 20,000 square feet, with a structured layout designed to optimize functionality. The 6th and 7th floors will be designated for banquet and convention facilities, accommodating large-scale events. Serviced apartments, which will be targeted at long-term guests and corporate clientele, will be located on the 8th to 10th floors. The grand lobby will be positioned on the 25th floor, facilitating an exclusive check-in and reception area. The primary hotel rooms and suites will be distributed across the 26th to 35th floors.

Recreational and leisure facilities are integrated into the development. The 7th floor will include an open-air swimming pool, and a health club equipped with a gym, aerobics room, sports studios, sauna, steam rooms, a Jacuzzi, and massage facilities. The rooftop is planned to feature high-end restaurants and international dining chains, offering views of the Arabian Sea. The hotel will operate independently within Dolmen City, with dedicated entrances, reception lobbies, elevators, and parking spaces. Strict access control policies are planned to be in place to ensure privacy and security, preventing unauthorized entry from the mall and corporate offices.

The broader Dolmen City development, which will include the hotel, has a total built-up area of approximately 391,000 square meters and consists of four office towers, a corporate office block, and Dolmen Mall Clifton. These facilities cater to multinational corporations, financial institutions, and retail businesses, contributing to sustained commercial activity. The Sky Towers complex, which will house the hotel, features column-free office spaces with high ceilings and advanced infrastructure, providing an integrated setting for both business and hospitality operations.

The hotel's design is led by LW, an international architectural and interior design firm with experience in luxury hospitality projects. LW's portfolio includes projects for brands such as Hyatt, Marriott, Hilton, and Four Seasons. The project's structural framework, including core and shell construction, has been completed, and the fit-out phase is pending.

Project Cost:

Total Project Cost (Est.)	PKR Mln
Cost of Property / Hotel Floors	18,700
Cost of Development – Hotel Fit-Outs	10,200
Total Project Cost	**28,900**

The valuation of the project is based on the cost approach, with the total estimated project cost amounting to PKR 28.9 bln. Of this, PKR 18.7 bln is allocated for the cost of property or hotel floors, while the remaining PKR 10.2 bln is designated for hotel fit-outs. The fit-out costs encompass the development of 240 rooms, a grand lobby, 42 serviced apartments, a recreational area, and a banquet hall.

Financing Plan:

Total Project Contributions (Est.)	PKR Mln	%
Equity Contribution from Sponsor / AFPL	18,700	64.7%
Debt Contributions from Financial Institutions	10,200	35.3%
Total Project Contributions	**28,900**	**100%**

The Company expects to finance approximately 60-70% of the Project through equity contribution from its sponsor, AFPL, primarily in the form of property and hotel floors. The remaining funding requirement is planned to be met through bank financing. The available financing lines adequately cover the risk of cost overruns as per the management.

GOVERNANCE

Shareholding Pattern	% Holding
Al-Feroz (Pvt.) Limited	99.70%
Mr. Shoaib Feroz	0.10%
Mr. Kamran Feroz	0.10%
Mr. Irfan Feroz	0.10%

Brentwood Hospitality (Private) Limited is predominantly owned by Al-Feroz (Private) Limited, which holds 99.7% of the total shares, establishing it as the principal shareholder and controlling entity. The remaining shares are equally distributed among three individuals—Mr. Shoaib Feroz, Mr. Kamran Feroz, and Mr. Irfan Feroz—each holding 0.1% of the company's shares. These individuals also serve as directors of the Company with Mr. Shoaib Feroz also serving as the CEO.

Directors' Profiles

Mr. Shoaib Feroz brings over 34 years of experience across real estate development, amusement parks, mechanical engineering, and renewable energy sectors. His ongoing responsibilities include serving as CEO/Director at Al-Feroz (Pvt.) Limited and Green Waste Energy (Pvt.) Limited, with previous experience in managing indoor and outdoor amusement ventures under the Chunky Monkey brand. He has also led efforts in waste-to-energy initiatives

Mr. Kamran Feroz possesses over 38 years of diversified experience in real estate, mechanical engineering, and amusement services. His tenure includes leadership roles in both Metal Engineering Works and Al-Feroz (Pvt.) Limited. His track record includes the successful execution of real estate and entertainment projects under the Dolmen brand

Mr. Irfan Feroz, with over 36 years of experience, has contributed extensively to the development of real estate and logistics engineering ventures. He holds multiple directorships within the group, including at Al-Feroz (Pvt.) Limited and International Complex Projects Limited. His background encompasses a range of infrastructure and entertainment developments, particularly under the Dolmen and Sindbad brands

INDUSTRY PROFILE & BUSINESS RISK

The hospitality sector in Karachi presents significant growth opportunities, given the current inventory of 1,649 rooms with an average occupancy rate of 70%. As Pakistan's financial hub, Karachi primarily attracts corporate clients, accounting for 75-80% of hotel occupancy, which minimizes exposure to leisure-driven seasonality. Additionally, demand is bolstered by expatriates returning during the wedding season and sports tourism, particularly during the Pakistan Super League

(PSL) and other international cricket events. The city's limited supply of four- and five-star hotels highlights a gap for quality accommodation.

Situated in Dolmen City, Clifton, the Hotel benefits from high foot traffic, commercial proximity, and business-leisure traveler demand. Its direct access to corporate offices and Dolmen Mall Clifton enhances its appeal to corporate guests focused on Clifton and DHA. However, its relative distance from Karachi's central business districts (I.I. Chundrigarh Road, Shahra-e-Faisal) places it at a slight disadvantage compared to competitors like Pearl Continental, Movenpick, and Marriott.

BHPL's partnership with Pullman Hotels & Resorts strengthens its market position by leveraging global brand equity, operational frameworks, and premium pricing opportunities. This affiliation is expected to support occupancy rates and revenue generation, while allowing for premium pricing opportunities.

However, the hospitality sector is characterized by high cyclicality and exposure to economic and political volatility, which increases the business risk profile of the Company. Green field project risk exists, nevertheless

Execution Risk

The project remains in the development phase, and execution risk will persist until construction is completed and operations commence, anticipated within two years. Development risks are mitigated as the project's structural framework, including core and shell construction, has been completed, with only fit-out phase is pending.

Sponsor Support

The ratings derive comfort from the strength of the sponsor. The Project is backed by a healthy sponsor in AFPL through the contribution of property assets and direct capital investment, is a key factor in the project's funding structure. The ratings are underpinned by sponsor commitment from Al-Feroz Group, especially for financial assistance during the initial debt servicing periods.

FINANCIAL RISK

Total Project Contributions (Est.)	PKR Mln	%
Equity Contribution from Sponsor / AFPL	18,700	64.7%
Debt Contributions from Financial Institutions	10,200	35.3%
Total Project Contributions	28,900	100%

The Company expects to finance approximately 60-70% of the Project through equity contribution from its sponsor, AFPL, primarily in the form of property and hotel floors. The remaining funding requirement is planned to be met through bank financing.

As per the Company's projections, the development phase is expected to span two years, with formal hotel and ancillary operations commencing in the third year. Revenue generation is projected to be primarily driven by the food and beverage segment, contributing an estimated 40-50% of total revenue. This segment comprises three restaurants specializing in Chinese, Japanese, and barbecue cuisine, in addition to an all-day dining service covering lunch, hi-tea, and dinner.

Other revenue-generating services include a gym, spa, skin treatment facility, and a bridal salon. Meanwhile, the primary hotel operations are projected to account for approximately 30% of total revenue in Year 1 of operations.

Revenue Contribution	Year 1	Year 2	Year 3
Hotel	27%	31%	33%
Food & Beverages	53%	47%	44%
Banquet	19%	21%	23%

The financial risk profile remains under pressure, primarily due to an ambitious projected occupancy rate of 50% in the first year, which may be challenging for a newly established business. Furthermore, debt repayments are set to begin in the first year of operations, adding strain to cash flows. Any deviation from projected occupancy levels, combined with early debt servicing obligations, could tighten liquidity and increase dependence on external funding or sponsor support. Moreover, a significant portion of revenue is expected from the restaurant segment, where intense competition heightens the risk of revenue fluctuations. The liquidity position remains constrained, with a limited cash cushion. To navigate these financial challenges and ensure long-term sustainability, effective cost management, structured repayment plans, and contingency measures will be essential.

Types of Rooms	Rooms	Rate/Suit	Increment
Hotel Rooms	200	45,000	7%
Suite Rooms	40	60,000	7%
Serviced Apartments - 1 Bedroom	30	1,500,000	7%
Serviced Apartments - 2 Bedroom	12	2,400,000	7%

During the development phase, debt servicing will be supported by the sponsor, Al Feroz, through financial assistance of Rs. 1.1 billion. Al Feroz maintains a stable rental and dividend income, with an average annual profitability of Rs. 1.5–2 billion. The sponsor’s ability to cover any potential shortfall in debt repayment provides financial comfort. However, the sponsor's lack of experience in the hospitality sector, along with challenges related to availability of skilled human resources and compliance with franchise requirements, may continue to elevate the Company's business risk profile.

Financial Summary (Based on Operational Periods) *Appendix I*

Balance Sheet (PKR Millions)	FY28P	FY29P	FY30P
Property, plant and equipment	29,605.6	28,773.9	27,455.2
Cash & Bank Balances	322.2	751.1	2,215.4
Total Assets	29,927.8	29,525.0	29,670.7
Long-term Debt (incl. current portion)	6,666.7	3,333.3	0.0
Total Debt	6,666.7	3,333.3	0.0
Other Liabilities	2,612.3	2,923.0	3,167.8
Total Liabilities	9,279.0	6,256.3	3,167.8
Paid up Capital	18,700.1	18,700.1	18,700.1
Revenue Reserve	1,948.8	4,568.6	7,802.8
Equity (excl. Revaluation Surplus)	20,648.9	23,268.7	26,502.9
Income Statement (PKR Millions)	**FY28P**	**FY29P**	**FY30P**
Net Sales	9,273.3	11,206.4	13,000.6
Gross Profit	9,273.3	11,206.4	13,000.6
Operating Profit	3,194.7	4,294.8	5,302.0
Profit Before Tax	3,194.7	4,294.8	5,302.0
Profit After Tax	1,948.8	2,619.8	3,234.2
Ratio Analysis	**FY28P**	**FY29P**	**FY30P**
Gross Margin (%)	100.0%	100.0%	100.0%
Operating Margin (%)	34.5%	38.3%	40.8%
Net Margin (%)	21.0%	23.4%	24.9%
Funds from Operation (FFO) (PKR Millions)	3,432.3	3,762.3	4,797.7
FFO to Total Debt* (%)	51.5%	112.9%	N/A
FFO to Long Term Debt* (%)	51.5%	112.9%	N/A
Debt Service Coverage Ratio (x)	1.0	1.1	1.4
Gearing (x)	0.3	0.1	0.0
Leverage (x)	0.4	0.3	0.1
Current Ratio (x)	0.2	0.4	1.1
Return on Average Assets* (%)	6.5%	8.8%	10.9%
Return on Average Equity* (%)	9.4%	11.9%	13.0%

**Annualized, if required*

A - Actual Accounts
P - Projected Accounts
M - Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	**Brentwood Hospitality (Private) Limited**
Sector	**Hospitality**
Type of Relationship	**Solicited**
Purpose of Rating	**Entity Rating**
Rating History	see table below
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	see table below

Rating History:

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
01/07/2025	A-	A2	Stable	Initial

Due Diligence Meetings Conducted:

Name	Designation	Date
Mr. Aftab Ahmed	CFO	21st April 2025
Mr. Salman Idrees	DGM - Finance	