

## RATING REPORT

### SINOLINK REIT MANAGEMENT COMPANY LIMITED

**REPORT DATE:**

March 24, 2025

**RATING ANALYSTS:**

Musaddeq Ahmed Khan

[musaddeq@vis.com.pk](mailto:musaddeq@vis.com.pk)

RATING DETAILS	
Rating Category	Initial Rating
	<b>MQR</b>
<b>REIT Rating</b>	AM3 (RMC)
<b>Outlook/Rating Watch</b>	Stable
<b>Rating Action</b>	<i>Initial</i>
<b>Rating Date</b>	<i>March 24, 2025</i>

#### COMPANY INFORMATION

<b>Incorporated in 2021</b>	<b>External Auditors:</b> Feroze Sharif Tariq & Co. Chartered Accountants
<b>Unlisted Public Company</b>	<b>Chairman of the Board:</b> Mr. Anjum Adil
<b>Key Shareholders (5% or more):</b>	<b>CEO:</b> Ms. Marium Ahmad
<i>Mr. Asad Ahmad (90.00%)</i>	
<i>Ms. Marium Ahmad (9.99%)</i>	

#### APPLICABLE METHODOLOGY(IES)

**VIS Management Quality Rating Criteria: REIT Management Company**

<https://docs.vis.com.pk/docs/REITManagement-2023.pdf>

#### APPLICABLE RATING SCALE(S)

**VIS Issue/Issuer Rating Scale:**

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

**Sinolink REIT Management Company Limited**

**OVERVIEW OF THE RMC**

*Sinolink REIT Management Company Limited was incorporated in December 2021 as an unlisted public limited company. The RMC operates as a REIT Management Company and is registered with the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.*

**Profile of Chairman**

*Mr. Anjum Adil is a seasoned architect, planner, and interior designer with over 30 years of experience, leading M/s. Anjum Adil Associates in Karachi. A fellow of the Institute of Architects Pakistan (IAP), he has held prominent roles, including chairman and vice president. He is a life member of PCATP and IAP, a corporate member of PIID, and represents IAP on the SBCA licensing committee. An associate member of the American Institute of Architects and Texas Society of Architects, he has designed diverse projects, including hospitals, airports, and commercial buildings. He also holds a Dutch fellowship and has taught architecture in Karachi.*

**Profile of CEO**

*Ms. Mariam Ahmad began her career in 2014 as an Actuarial Consultant at Willis Towers Watson,*

**RATING RATIONALE**

The assigned rating reflects Sinolink REIT Management Company Limited’s (‘SRMCL’ or the ‘RMC’) early-stage development, supported by an adequate governance framework, internal controls, and investment processes. Centralized leadership facilitates streamlined decision-making; however, independent representation remains limited. The internal control framework is well-structured to ensure risk mitigation and regulatory compliance, albeit its effectiveness in addressing risks related to related-party transactions and operational independence remains a key consideration. The investment process defines decision-making protocols, approval mechanisms, placement limits, and risk mitigation measures. Third party engagements reflect mid-tier players, albeit management plans to further enhance selection process to optimize project execution and quality remains important.

SRMCL registered its first REIT, the Image REIT Scheme, with the SECP on March 7, 2022. This perpetual, closed-end, Shariah-compliant hybrid REIT has a total size of Rs. 1.8 bn. It comprises both rental and development components, with the commercial rental segment fully leased to related parties, ensuring stable rental income, while the residential and retail mix development portion is underway with an expected completion timeline of two years. The REIT fund is set to be listed within the year, expanding its size to Rs. 2.8 bn. Proceeds from the IPO will be directed toward completing the development component.

SRMCL financial risk profile reflects a debt-free capital structure. To date, no revenue has been recognized by the RMC, as earnings have been waived for group tax efficiencies. Instead, income is generated through a financing arrangement with a related entity. Rating remains underpinned on realization and augmentation of management fees for long term sustainability as well as execution of management’s plan to further strengthen governance and internal control framework. Adoption of sustainability measures for project design and execution will also remain important.

**Corporate Profile**

Sinolink REIT Management Company Limited was incorporated in Pakistan on December 10, 2021 as unlisted public company. The RMC received a three-year license from the SECP on February 7, 2022, as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies Rules, 2003. The license allows the RMC to launch Real Estate Investment Trusts (REITs) under the REIT Regulations, 2022. The registered office of the RMC is located at A/33, Central Commercial Area, Block 7/8, Main Sharah-e-Faisal, KCHSU, Karachi. The principal activities of the RMC include forming, launching, and managing REITs. The RMC has registered the Image REIT Scheme with the SECP, and approval was granted by the Securities and Exchange Commission of Pakistan (SECP) on March 7, 2022.

UK. In 2016, she joined Image Pakistan Ltd. as Director of E-Commerce & Marketing and also serves as Director of A.R.T. Modaraba Management (Pvt) Ltd. since 2018. She plays a key role in marketing REIT units and overseeing development projects under REIT initiatives. She holds a BSc (Hons) in Mathematics & Business Studies from the University of Warwick (2014) and has partial actuarial qualifications from the Institute and Faculty of Actuaries.

### **Auditor's Opinion**

The FY24 financial statements were audited by Feroze Sharif Tariq & Co. Chartered Accountants, which is a QCR rate firm and categorized as 'Category C' on the SBP's Panel of Auditors. The auditor issued an unmodified and unqualified opinion on the state of the RMC's affairs as at 30th June 2024, and of the loss, other comprehensive income, and its cashflows for the year then ended.

### **Key Rating Drivers**

#### **Ownership, Corporate Governance, and Management**

The ownership structure of the RMC is concentrated within family, with Mr. Asad Ahmad holding a majority stake of 90% and Ms. Marium Ahmad, daughter, holding 9.99%. Mr. Anjum Adil, an independent director, holds a token share of 0.01%. This concentrated ownership reflects a family-centric structure, which ensures alignment in strategic objectives but may limit external influence or diversity in decision-making.

Board of Directors (BoD) consists of three members: the Chairman, who is an independent director; the Chief Executive Officer (CEO); and a non-executive director. Mr. Asad Ahmad (Non-Executive Director) ensures active operational involvement and strategic leadership. He brings extensive business expertise, ensuring governance aligns with shareholder interests. With a wealth of experience in manufacturing, trade, and finance, he provides valuable strategic guidance. Ms. Marium Ahmad (CEO) is actively involved in operations, bringing a combination of technical expertise and international experience, particularly in e-commerce and marketing, supported by her actuarial background. Meanwhile, Mr. Anjum Adil, the Chairman and Independent Director, provides governance oversight and impartiality, drawing on his extensive experience in architecture and construction.

Mr. Anjum Adil, the independent director and Chairman, is a seasoned architect, planner, and interior designer with over 30 years of experience, leading M/s. Anjum Adil Associates in Karachi. A fellow of the Institute of Architects Pakistan (IAP), he has held prominent roles, including chairman and vice president. He is a life member of Pakistan Council of Architects and Town Planners (PCATP) and Institute of Architects, Pakistan (IAP), a corporate member of Pakistan Institute of Interior Designers (PIID), and represents IAP on the Sindh Building Control Authority (SBCA) licensing committee. An associate member of the American Institute of Architects and Texas Society of Architects, he has designed diverse projects, including hospitals, airports, and commercial buildings. He also holds a Dutch fellowship and has taught architecture in Karachi.

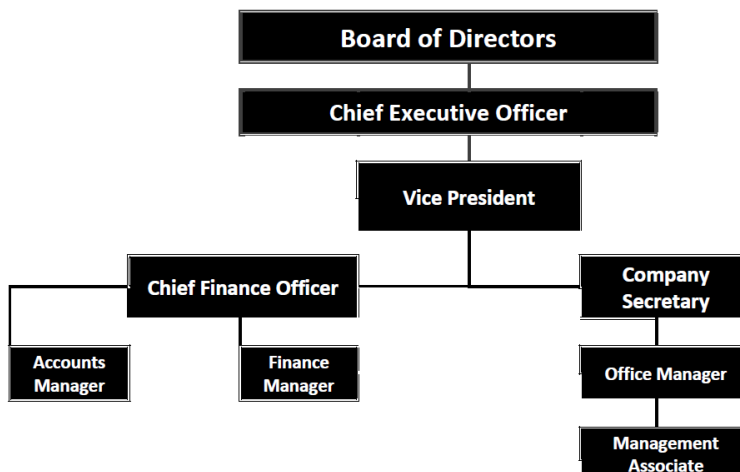
Ms. Marium Ahmad, Chief Executive Officer (CEO), began her career in August 2014 at Willis Towers Watson, UK, as an Actuarial Consultant in the Retirement/Benefits division. In August 2016, she joined Image Pakistan Ltd. (formerly Tri-Star Polyester Ltd.) as Director. Since 2018, she has also served as a Director at A.R.T. Modaraba Management (Pvt) Ltd.

and meets the fit and proper criteria. She earned a BSc (Hons) in Mathematics & Business Studies from the University of Warwick, UK, in June 2014. Additionally, she pursued studies at the Institute and Faculty of Actuaries from September 2015 to April 2016 and is a part-qualified actuary.

Mr. Asad Ahmad, non-executive director, 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 2024, Image Pakistan Limited had a total asset base of Rs. 4.8 bn, total equity base of Rs. 3.5 bn, turnover of Rs. 2.9 bn, and net profit of Rs. 285.9 mn for FY24.

The Board of Directors (BoD) is supported by two key committees at the board level: the Board Audit Committee (BAC) and the Board HR & Remuneration Committee (BHR&RC). The BAC is chaired by Mr. Asad Ahmad; however, best practices recommend that this role be assigned to an independent director. On the other hand, the BHR&RC is chaired by the independent member of the Board.

During the fiscal year ended June 2024, the Board held four meetings, while the BAC convened four times, and the BHR&RC met once. The Terms of Reference (ToRs) for both committees are well-defined and formally documented. Records of Board meetings include comprehensive minutes that detail attendee information, decisions on financial matters, dividend declarations, related party transactions, and other critical resolutions. The scope and quality of these minutes are deemed satisfactory.



The organizational structure of the company is simple, with centralized leadership to ensure efficient decision-making and streamlined operations. At the top of this structure is the Board of Directors, which plays a pivotal role in governance and oversight. The Board provides strategic direction, monitors the company's performance, and ensures compliance with relevant regulations and standards.

Beneath the Board, the CEO is the key executive responsible for implementing the Board's directives and managing the company's day-to-day operations. This centralized leadership model enables quick decision-making and clear accountability, as the CEO acts as the primary link between the Board and the operational teams.

The position of Vice President remains vacant, with its roles and responsibilities yet to be defined. This position is expected to evolve as the company grows and its scope of operations expands, potentially becoming an essential component of the structure in the future.

### **Internal Control Framework**

The internal audit function conducts reviews of internal control processes and compliance procedures, reporting its findings to the BAC. The internal control policy is structured around five critical components: control environment, risk assessment, control activities, information and communication, and monitoring. These elements foster ethical governance, systematic risk analysis, and robust operational compliance, ensuring the continuous evaluation and enhancement of performance. The risk management policy utilizes an enterprise-wide framework for identifying, assessing, and mitigating risks. Financial risks, including market, credit, and liquidity risks, are managed through balanced funding strategies, hedging practices, and creditworthiness assessments. Liquidity is ensured by maintaining cash flow oversight and adequate reserves, while tangible assets are safeguarded through comprehensive insurance policies. Fraud risk is mitigated through preventive controls, education, and reporting mechanisms. Additionally, the borrowing policy provides a

structured approach to short-term and long-term borrowing. Short-term borrowing supports operational cash flow needs, while long-term borrowing focuses on expansion and capacity building. Emphasis is placed on cost efficiency, credit line optimization, and regulatory compliance. Regular reviews ensure effective utilization of financial resources and alignment with governance standards.

### **Investment Process**

The investment policy of the RMC establishes a framework for managing both short-term and long-term investments to optimize returns while ensuring security and compliance. The policy outlines specific guidelines for decision-making, approval processes, placement limits, and risk mitigation measures.

For short-term investments, defined as those with a duration of less than six months, the CFO is responsible for proposing investment opportunities, which require approval from the CEO. The RMC prioritizes investments in financial institutions rated “AA” or higher, government treasury bills with maturities of up to three months, and mutual funds with a rating of AM-2+ or above. Long-term investments encompass shares, securities, mutual funds, certificates, term finance certificates (TFCs), treasury bills, and other similar instruments. These investments require approval from the Board of Directors (BoD), with recommendations from the management based on the investee’s reputation, performance, track record, and growth potential. This structured approach ensures alignment with the RMC’s strategic objectives and long-term financial sustainability.

Disinvestment, whether from short-term or long-term investments, follows a structured process. The CEO and CFO/Company Secretary conduct a cost-benefit analysis before proposing disinvestment. For long-term investments, subsequent approval from the BoD is mandatory to maintain accountability and governance.

The policy establishes placement limits to manage risk exposure effectively. A portion of funds can be allocated to bank deposits, investments in various financial instruments, and treasury bills, each with predefined caps. These limits are reviewed periodically to adapt to changing market conditions. The investment policy also outlines criteria for selecting financial institutions, ensuring engagement with reputable entities. Regular reviews are conducted to maintain alignment with strategic and financial objectives.

### **Fund Under Management**

At present, Sinolink is managing one REIT fund, Image REIT which is a perpetual, closed-end, shariah-compliant hybrid REIT established under the REIT Regulations, 2022. The REIT, established in 2022, focuses on developing, constructing, refurbishing, rehabilitating, managing, and operating real estate assets located across multiple sites to generate sustainable rental income. Image REIT’s hybrid structure combines the benefits of stable rental income from completed properties with the growth potential of developmental projects.

The rental portfolio includes a six-story commercial property located on a 360-square-yard plot at Plot No. A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi. With a total built-up area of 23,000 square feet, the property has been generating consistent rental income since July 2023. The building maintains a 100% occupancy rate. The property is leased to First Tri Star Modaraba, Image Tech Limited, and Image Pakistan Limited. All tenants are related parties.

The developmental component of Image REIT is located on a 500-square-yard commercial plot at Plot No. 19, DMCHS, Block 7/8, Tipu Sultan Road, Karachi. The project is designed to include a combination of retail, commercial and residential units, with a planned completion timeline of two years. As of now, the foundation, two basements, ground floor, and first floor of the building have been completed. The structure is planned to feature 11 additional floors, accommodating a total of 22 apartments. Each floor will consist of two units: one with four rooms and the other with three rooms. The design thoughtfully balances functionality and aesthetic appeal. Upon completion, a smaller part of the project transition into the rental portfolio, with a large part of the apartments planned for sale.

The ground and first floors have been leased to Image Pakistan Limited, where a retail outlet has been operational since March 2024. The total cost of the project is estimated at approximately Rs. 1.6 bn, with a projected cost of Rs. 16,000 per square foot. Of the total cost, 70% is allocated to construction, while 30% pertains to land acquisition.

By the end of Jun'24, the Fund's Net Asset Value (NAV) increased by over Rs. 355 mn, reaching Rs. 2,072.8 mn (Jun'23: Rs. 1,717.7 mn). The Fund generated revenue of Rs. 41.3 mn, entirely comprising rental income. Administrative expenses amounted to Rs. 6.6 mn, primarily driven by the annual fees paid to the SECP and the Trustee. An operating margin of 83.79% was recorded. Additionally, an unrealized gain of Rs. 199.9 mn was reported from the remeasurement of the fair value of investments. Benefiting from tax exemptions applicable to REIT schemes, the Fund recorded a profit after tax of Rs. 234.6 mn. Additionally, the Fund's unleveraged capital structure is a key strength, with no debt on its balance sheet. Looking ahead, the management has affirmed that no debt will be drawn to finance the developmental project. Projected IRR of the Fund is 14.05%.

### Financial Analysis

The RMC exclusively serve the REITs holding the group's real estate assets. By centralizing real estate management within the group, the RMC can reduce operational inefficiencies and leverage economies of scale. The RMC has recorded no revenue till date as fee has been waived with respect to captive REITs for enhanced tax efficiency for the group. While the RMC does not generate direct revenue from its REIT management services, it derives income from a Diminishing Musharaka Facility extended to a related entity, Sinolink Properties (Private) Limited, which is engaged in the construction business. This financing arrangement provides a return to the RMC, albeit profit payments remain outstanding. Comfort is drawn from the company's debt free status.

**Sinolink REIT Management Company Limited**
**Appendix I**

<b>FINANCIAL SUMMARY</b>			(Rs. in '000)
<b>Balance Sheet</b>	<b>Jun'22</b>	<b>Jun'23</b>	<b>Jun'24</b>
Diminishing musharika facility to associated company	-	46,000	40,000
Short term loan to associated company	46,000	-	3,941
Interest receivable on loan to associated company	1,966	1,966	1,966
Rental receivable on diminishing musharika facility	-	4,600	8,609
Cash and Bank balances	885	45	1,283
Other Assets	-	10	10
<b>Total Assets</b>	<b>48,851</b>	<b>52,621</b>	<b>55,809</b>
<b>Total Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>	<b>297</b>	<b>1,241</b>	<b>1,242</b>
<b>Paid up Capital</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
<b>Net Equity</b>	<b>48,555</b>	<b>51,381</b>	<b>54,567</b>
<b>Income Statement</b>			
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Revenue	-	-	-
Administrative expenses	3,214	855	232
Other Income	1,966	4,600	4,169
Finance Costs	1	0	1
<b>Profit/(Loss) Before Tax</b>	<b>-1,249</b>	<b>3,745</b>	<b>3,937</b>
<b>Profit/(Loss) After Tax</b>	<b>-1,445</b>	<b>2,826</b>	<b>3,187</b>
<b>Ratio Analysis</b>			
	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Efficiency ratio (%)	163.51%	18.59%	5.58%
Current ratio (x)	164.70	5.34	12.73
Gearing (x)	0.00	0.00	0.00
Leverage (x)	0.01	0.02	0.02
Return on Average Assets (%)	-2.96%	5.57%	5.88%
Return on Average Equity (%)	-2.98%	5.66%	6.02%



REGULATORY DISCLOSURE		Appendix II		
<b>Name of Rated Entity</b>	Sinolink REIT Management Company Limited			
<b>Sector</b>	Miscellaneous			
<b>Type of Relationship</b>	Solicited			
<b>Purpose of Rating</b>	Management Quality Rating (REIT Management Company)			
<b>Rating History</b>	<b>Rating Date</b>	<b>RMC Rating</b>	<b>Outlook/Rating Watch</b>	<b>Rating Action</b>
	24-Mar-25	AM3 (RMC)	Stable	Initial
<b>Instrument Structure</b>	N/A			
<b>Statement by the Rating Team</b>	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 management quality only and is not a recommendation to buy or sell any securities.			
<b>Probability of Default</b>	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.			
<b>Disclaimer</b>	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.			
<b>Due Diligence Meetings Conducted</b>	<b>Name</b>	<b>Designation</b>	<b>Date</b>	
	1. Mr. Asad Ahmad	Director (Sinolink REIT Management Company Limited)	09 <sup>th</sup> January, 2025	