JS RENTAL REIT FUND

BUSINESS PLAN

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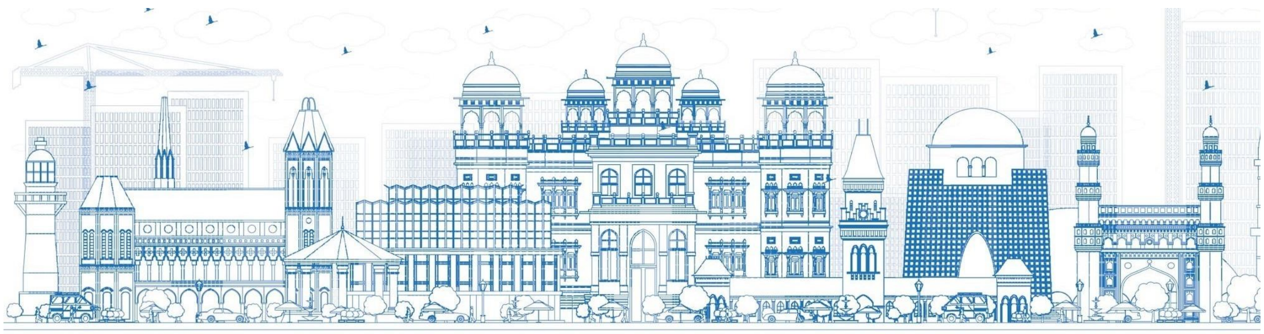

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TERM SHEET

Name of the REIT	JS Rental REIT
REIT Management Company	JS Investments Limited
Nature of Scheme	Perpetual, Rated, Listed, Closed-end Rental REIT
Instruments	Units of JS Rental REIT (in PKR 10 denomination)
Property Address	The Centre, Plot No. SB-5, Abdullah Haroon Road, Saddar, Karachi
Description	'The Centre' located on the corner of Abdullah Haroon Road. The location is in excellent condition, and the existing development is in fantastic shape. The site has a land area of 3,988 sq. yds. And is located on Abdullah Haroon Road adjacent to Zainab Market. The site currently hosts multiple retail shops on the lower floors, parking and office space on upper floors. It is a rectangular shaped plot which is easily accessible from Haroon Roadand Aiwan-e-Saddar Road.. The site has one entry and one exit point, both leading in and out of the parking area.
Market Value of the Property in JS Rental REIT scheme (PKR)	2,253,636,935
Trustee	Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)
Property Manager	JS Lands
Property Valuer	Savills Pakistan
Legal Counsel	Haidermota Advocates and Company
Auditors	Grant Thornton
Rating Agency	Pakistan Credit Rating Agency (PACRA)
Anticipated Return	Based on full occupancy and 100% payout, Dividend Yield is expected at 7% in the fifth year

Overview of the REIT Management Company (RMC)

Established in 1995, JS Investments Limited (JSIL) is Pakistan's oldest private sector asset management company. Over the years, JSIL has played a pioneering role in shaping the standards of the country's asset management industry while catering to the diverse needs of both individual and institutional investors.
The company offers a comprehensive suite of investment solutions, including mutual funds, voluntary pension schemes, and Separately Managed Accounts (SMAs). Its reputation for industry leadership is further reflected in its strong credit ratings, with PACRA assigning an AM2++ Management Quality Rating and an RM3 REIT Manager Rating.
JSIL operates under the regulatory framework of the Securities and Exchange Commission of Pakistan (SECP), in accordance with the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. It is licensed by SECP to provide a broad range of services, including Asset Management, Investment Advisory, REIT Management, and Private Equity and Venture Capital Fund Management. Additionally, JSIL serves as a Pension Fund Manager under the VPS Rules.
As a member of the Mutual Fund Association of Pakistan (MUFAP) and a listed entity on the Pakistan Stock Exchange, JSIL maintains a strong presence in the country's financial sector, underscoring its commitment to innovation, compliance, and investor trust.

JS Rental REIT

A Rental REIT scheme is established with the object of making investments in commercial or residential real estate with a purpose of generating rental income. In a Rental REIT, a fully constructed/ income generating property is first bought by the RMC and then units are issued against it to unit holders. The rental income derived through it is distributed to the unitholders.
JS Investments Limited, the REIT Management Company proposes inclusion of "The Centre" in a perpetual, rated, Listed, and Closed End Rental REIT Scheme with a goal to construct a portfolio of rental real estate in order to generate rental income for its investors. The name of the real estate investment trust is "JS Rental REIT". The Units will be issued at a par value of PKR 10 in the REIT.

The project location is in close proximity to all major hotels in the city and I.I. Chundrigar Road, the financial district of Karachi. The office block comprising of 139,320 sq. ft. is spread across 12 floors of office space including two double height floors and 3 additional floors of dedicated parking space spanning approximately 50,000 sq. ft.

The property is maintained by JS LANDS (PRIVATE) LIMITED, and the trustee and unit registrar is Digital Custodian Company Limited. Savills, a major commercial real estate brokerage, professional services, and investment management firm for landlords, tenants, and investors, is the property Valuer.

Overview of the Property

The Centre, a landmark property owned by JS Group, serves as the corporate hub for several of the Group's subsidiaries. The building was completed in 2012–2013 and has since established itself as a modern, high-grade commercial facility. The structure comprises a thoughtfully designed layout, including a basement, ground floor, two mezzanine levels, five dedicated parking floors (one for the shopping mall and four for office parking), a mechanical, electrical, and plumbing (M.E.P.) floor, twelve standard office floors, and a rooftop helipad.
Equipped with modern infrastructure, The Centre features branded elevators, a state-of-the-art HVAC system, and advanced security solutions. Complementing these technical specifications are lifestyle and convenience amenities such as ample parking, an in-house café, and gym facilities—making it a contemporary and well-rounded workplace environment.

Floor Details

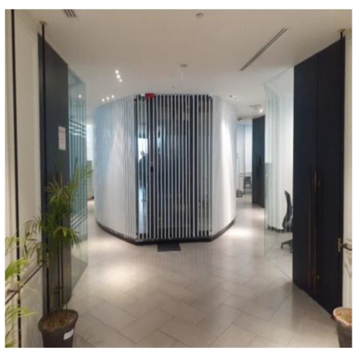
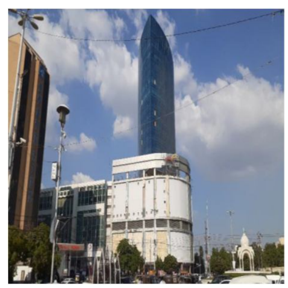
The structure has 20 levels, with ground floor as office reception, five parking floors, M.E.P floors comprising of two floors and 12 office floors. Each office level is 11, 610 square feet, including common areas. On the fifteenth floor, there is a gym and a cafeteria, among other things. The bottom and mezzanine floors allocated to retail stores or a shopping mall.

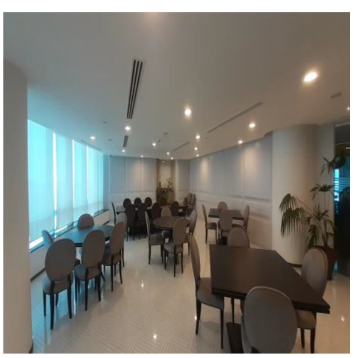
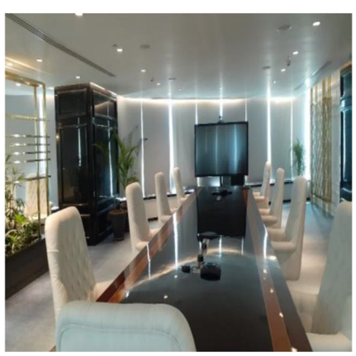
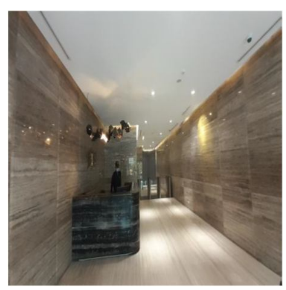
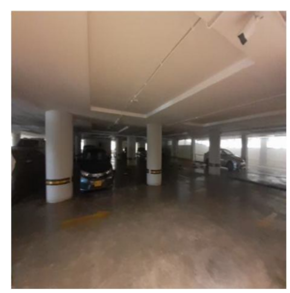
The following is a breakdown of the floor:

- Shopping mall on the ground floor
- Shopping mall on the mezzanine floor
- Office reception on ground floor
- Parking from the first to the fifth floors
- M.E.P floor from seventh to eights floors.
- Offices from the ninth to the twenty-first floors
- Amenities on the fifteenth floor

The 13th floor of The Centre has been allocated to International Workplace Group (IWG), the world's largest provider of hybrid working solutions, operating globally through brands such as Regus and Spaces. Under the Regus brand, IWG will manage 11,610 sq. ft. of flexible office space, catering to a diverse client base that includes established enterprises, high-growth start-ups, and professionals across industries such as technology, creative media, finance, legal services, e-commerce, health and wellness, education, real estate, consulting, and non-profits.
This strategic collaboration positions The Centre as a hub for dynamic and evolving work models, offering businesses access to professional-grade facilities within a premium location.
Occupancy across in-house tenants at JS Centre is projected to increase progressively, reaching approximately 67% by 2026. Concurrently, Regus is expected to achieve its optimal occupancy level of 85% by its second year of operations, also in 2026. As a result, the combined occupancy of the floors under the JS Rental REIT is anticipated to reach approximately 69% by 2028, reinforcing the property's long-term value proposition.

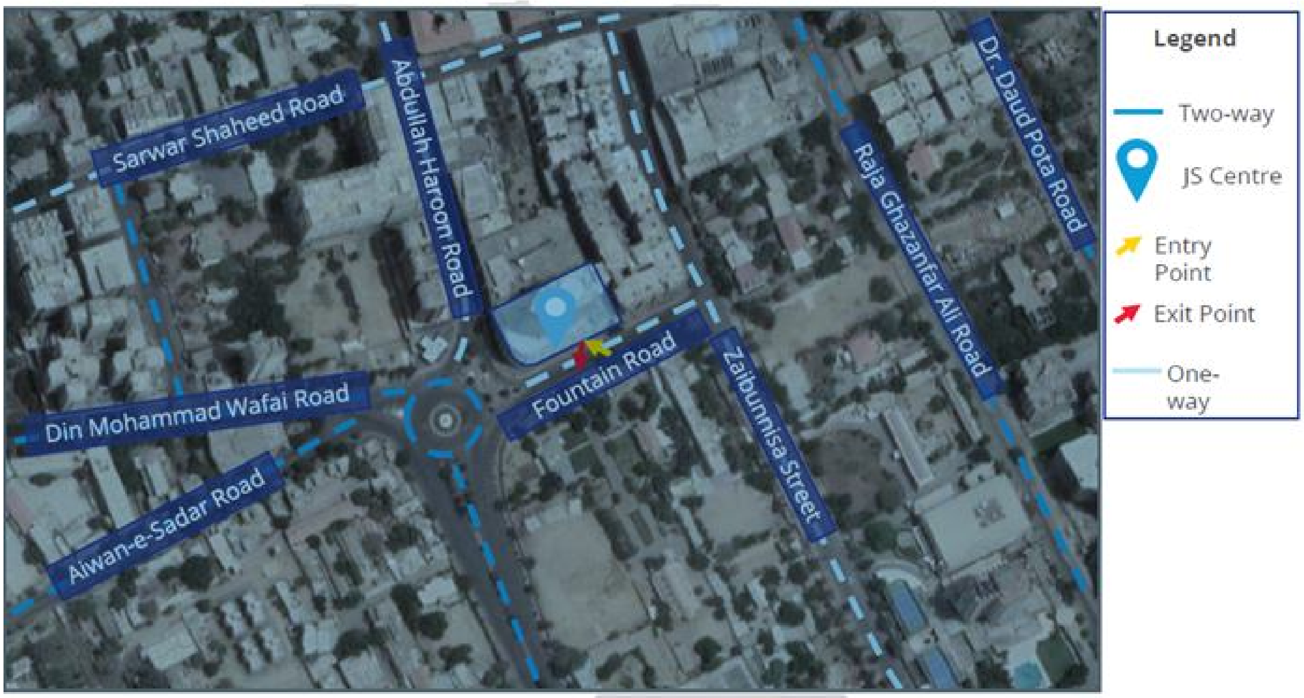
The Centre Building

Site Position and Elucidation:
The property is strategically located on Abdullah Haroon Road, in close proximity to Zainab Market, within Karachi's primary business district. Spanning a land parcel of 3,988 square yards, the site benefits from its prime commercial positioning and high connectivity.

The development comprises multiple retail outlets on the lower levels, with upper floors dedicated to office space and structured parking facilities. The property enjoys direct accessibility from Musical Fountain Road, enhancing its visibility and ease of approach.
Designed on a rectangular-shaped plot, the property has a single entry and exit point, both leading directly into the parking area—ensuring controlled access and efficient vehicular circulation. This advantageous location and layout make the asset a valuable component of Karachi's central business landscape.



Structure Features

- All roads immediately prior to Abdullah Haroon Road are in excellent condition.
- Sufficient street lighting is provided on the roads approaching the building.
- Bagh e Jinnah, YMCA school ground, Sind Club and Frere Hall are situated in close proximity of the subject property.
- The nearest hospital is Kamal Hospital, which is 1 km away from The Centre. NICVD and Jinnah Hospital are 2 kilometres from the property.
- Atrium Mall is the most prominent mall located near The Centre building.
- Bank branches of Askari Bank, HBL, Meezan, Summit and MCB are located in close proximity of the subject site.
- Area is currently accessible through public and private transport with ease.
- ATM Facility inside the building.
- Avari towers, MovenPick Hotel, Pearl continental hotel and Marriott Hotel are within 2km radius of the building.

Nearest Attraction

The subject site is surrounded by public projects, government institutions, commercial developments, and corporate headquarters, all of which enhance both the value of the land and the development itself. Owing to the nature of these neighboring establishments, the area benefits from strong security, well-maintained infrastructure, and efficient road networks.

- Avari Towers
- Bahria Opal Tower
- Avari Tower
- Trinity High School
- Governor House
- Atrium Mall
- Zainab Market/Rex Centre
- State Life Building
- Lakson Square
- YMCA Institute
- NBP Museum
- Sindh Wildlife Department

Macroeconomic Outlook

The macroeconomic outlook for Pakistan reflects a gradual but uneven recovery, with encouraging signs of stabilization across growth, inflation, and external sector indicators, though fiscal vulnerabilities remain a central challenge. After a contraction of 0.2 percent in FY23, real GDP is projected to rebound modestly to 2.0 percent in FY24 and further strengthen to 3.7 percent by FY26. This recovery is expected to be driven by improved agricultural output, a gradual revival in industrial activity, and expansion in the services sector. However, the pace of growth will likely remain below potential, highlighting the need for structural reforms to achieve sustainable medium-term expansion.
Inflationary pressures, which peaked at an exceptionally high 29.0 percent in FY23, have started to ease as supply shocks subside, the exchange rate stabilizes, and monetary policy remains tight. Inflation is projected to decline sharply to 5.9 percent by FY25 before normalizing around 7.1 percent in FY26. This moderation will provide much-needed relief to households and businesses, while also creating fiscal and monetary space for growth-supportive policies.

External sector dynamics have shown significant improvement, with the current account deficit narrowing from USD 17.5 billion in FY22, or 4.7 percent of GDP, to just USD 3.3 billion in FY23, or 1.0 percent of GDP. Over the medium term, the deficit is expected to remain contained at around 0.8 to 0.9 percent of GDP, supported by resilient remittances, controlled imports, and gradual diversification in exports. Importantly, foreign exchange reserves, which had declined to USD 4.5 billion in FY23, are projected to recover to USD 15.5 billion by FY26, providing greater external stability.

On the fiscal side, challenges persist. The deficit has remained elevated at around 7 percent of GDP over recent years, largely due to high debt servicing and rigid expenditure commitments. Some improvement is expected, with the deficit narrowing to 4.7 percent by FY26. A notable positive development is the transition of the primary balance into surplus from FY24 onward, projected to reach 1.7 percent of GDP by FY26. This reflects an improvement in fiscal discipline, though further reforms in revenue mobilization and expenditure management remain critical.

Public debt dynamics also show gradual progress. The debt-to-GDP ratio, which had peaked at 77.3 percent in FY23, is projected to decline to 69.8 percent by FY26. This reduction will be supported by higher nominal GDP growth, fiscal consolidation, and lower reliance on external borrowing. However, the shift toward greater domestic financing, while reducing foreign exchange risk, increases rollover pressures and underlines the need for prudent debt management.

Overall, the outlook points toward cautious optimism. Inflation is moderating, external balances are stabilizing, and debt indicators are moving in a favorable direction. At the same time, growth remains fragile, and fiscal pressures continue to pose risks. Sustaining macroeconomic stability will require consistent policy implementation, stronger fiscal reforms, and a renewed focus on export-led growth. Building adequate foreign exchange buffers and maintaining policy credibility will be essential to reinforcing investor and market confidence, thereby laying the groundwork for more durable economic recovery.

REIT landscape in Pakistan

REITs are typically a pool of properties (or property related derivatives) bundled together and offered as a security in the form of unit investment trusts and traded on a stock exchange. REITs are attractive to both retail and institutional real estate investors as they generally offer the following advantages to investors:

- Diversification
- Liquidity
- Transparency
- Tax efficiency
- Affordability

REITS are a tax efficient vehicle for investors who desire access to capital returns associated with large scale real estate projects typically out of the reach of the average investor. Real Estate Investment Trust is a mutual fund that focuses on investment in properties and real estate and derives income from such investments for its unit holders.
A REIT Management Company (RMC) identifies a project and raises public money through an Initial public offering (IPO). The RMC then buys a property (in case of Rental REIT Scheme) and rents it out. The rent is then distributed to the unit holders (The shareholders of REIT Scheme are known as unit holders).

The Opportunity

To alleviate the economic impact of the pandemic, Pakistan's government has slashed interest rates and offered incentives for investors and businesspeople. It's a stimulus programme for the construction industry that aims to provide jobs for daily wage employees while also boosting economic activity.
Many Pakistanis and Pakistanis living abroad are investing in the real estate business, making it the country's most successful sector at the time. Because of the rewards and benefits, real estate investment is promoted more than any other sector.
Real estate is an excellent opportunity for people who want to safeguard and grow their hard-earned money. In Pakistan real estate market, the demand for real estate is increasing by leaps and bounds. As a result, the sales prices of real estate also increase. In short, you can demand a higher sales price for your real estate product and handsome profits through it.
REITs collect money from investors and deploy it in real estate projects. They operate like any other company but offer more transparency to investors as trustees control all assets and the entity must list on a stock exchange within three years. Small investors can then take exposure to an otherwise capital-intensive and illiquid real estate market by publicly trading REIT units just like ordinary shares.

Pakistan’s real estate Industry

The trajectory of Pakistan’s real estate market in 2025 will be shaped by improved macroeconomic conditions, regulatory stability, legislative support, and demographic trends. Amid rapid urbanization and population growth, demand for residential housing in major metropolitan centers continues to rise. Over half of Pakistan’s urban population resides in just 21 cities, with Karachi and Lahore alone accounting for nearly a third. This concentrated urban expansion presents an opportunity for the residential sector to cater to the growing need for quality housing solutions. While transaction volumes may grow gradually, property values are expected to appreciate as affordability challenges persist.

Similarly, the Grade-A office market in tier-1 cities is positioned for stronger demand fundamentals in 2025. Multinational corporations and large-scale manufacturing (LSM) enterprises seeking expansion will be key demand drivers. Moreover, a backlog of premium office space projects in prime locations is expected to exert upward pressure on existing stock, driving rental growth. According to Jones Lang LaSalle (JLL), a leading global real estate services firm, 53% of corporate occupiers anticipate expanding their office footprint over the next five years, signaling renewed confidence in commercial real estate. This shift allows Pakistan to capitalize on evolving global real estate dynamics and attract investment in office development.

The hospitality sector is poised for strong tailwinds in 2025, driven by major international events and rising tourism. The ICC Men's Trophy 2025, to be hosted in Pakistan & UAE, is expected to stimulate demand for hotels and lodging, particularly in Karachi, Lahore, and Islamabad (KLI). The average daily rate (ADR) for hotels is projected to rise by approximately 15%, while occupancy levels are anticipated to return to pre-pandemic norms in tier-1 cities. Meanwhile, tier-2 markets will likely see even higher growth rates, benefiting from infrastructure development and increased domestic tourism. According to the United Nations World Tourism Organization (UNWTO), Pakistan saw a 115% surge in foreign tourist arrivals in 2024, reinforcing its potential as an emerging tourism destination. With government-backed initiatives under the Special Investment Facilitation Council (SIFC), foreign investment inflows into hospitality are expected to accelerate.
The retail sector is also positioned for steady expansion, particularly in tier-1 cities, supported by rising population, job growth, and infrastructure improvements. In this context, investors stand to benefit from rising lease rates and stable occupancy levels as malls continue to experience increased consumer traffic and growing footfall.

While 2025 presents opportunities for recovery, structural challenges from previous years continue to impact market dynamics. Outdated building regulations, limited financial inclusion, lack of ESG adoption, and speculative real estate trading remain key hurdles, constraining affordability for middle-income segments. Encouragingly, regulatory adjustments are taking shape, signaling a more proactive approach to market recalibration. The Capital Development Authority (CDA) has increased the Floor Area Ratio (FAR) and extended commercial payment plans, fostering inclusivity beyond high-income demographics. However, the Sindh Building Control Authority(SBCA) has yet to adopt similar measures, leaving Karachi and other key urban centers facing development bottlenecks amid urban migration trends. A government-led task force on housing sector development, established under the Prime Minister's Office, is expected to provide critical support to the real estate sector. The task force is evaluating the impact of recent taxation policies and working toward a more balanced tax framework for housing and construction. If implemented effectively, these measures could unlock growth potential in the residential segment and support sustainable development. The progress of the REIT industry will largely depend on the revival of Section 99A of the Second Schedule - Part 1 of the Income Tax Ordinance being the most critical, as steps in this direction can effectively drive its trajectory upward.

A key trend that emerges from Pakistan's real estate data is the disparity between demand-supply dynamics and population distribution across cities. Despite Karachi being Pakistan's largest city in terms of population and economic contribution, it lags in all major real estate segments – residential, retail, office, and hospitality. In contrast, Islamabad exhibits stronger business dynamics, with higher apartment prices, office lease rates, retail rental yields, and hotel ADRs, despite having a population of just one- twentieth the size of Karachi and a land area only a quarter as large. This imbalance underscores the need for a structured urban planning framework to align real estate development with economic potential.

In sum, 2025 presents an inflection point for Pakistan's real estate sector. Improving investor sentiment and rising institutional demand will set the stage for a more structured and resilient market. However, policy execution and regulatory overhaul will be critical in shaping the sector's trajectory.

Karachi Office Market Overview

The country's largest city's Central Business District is I.I.Chundrigar Road, but in recent years, we've seen an increase in office developments and demand for space in the Clifton and DHA areas. This is owing to the development of Grade A facilities and the traffic management services provided at these locations. The city has an estimated supply of 8.5 million sq. ft. of Grade A & B built up area in the Clifton, DHA, I.I Chundrigar road and Shahrah e Faisal with another approximately 4.9 million sq. ft. expected to be added in the next 3 – 4 years.

The upcoming supply is concentrated in Clifton and DHA, where developers prefer to develop Grade A office spaces in response to demand from multinational corporations and large local groups.
In the first year after its launch, Dolmen's newly developed Sky Towers in the heart of Clifton had 75 occupancy in the East Wing and 25 in the West Wing whereas now the occupancy is approximately 98%. This demonstrates the city's appetite for high-quality developments.
In Karachi, too, start-ups are on the rise, with well-known companies like The Hive, Daftarkhawan, and Regus reaching maximum occupancy and expanding their supply. Multinational corporations have shown a preference for tier 1 flexible working spaces to ease the transition to traditional office spaces.
Typically, the Karachi office market prefers the lease model for Grade A developments with lease rates ranging from PKR 290 to PKR 480 per sq. ft. because it provides flexibility and feasibility while reducing the risks associated with maintaining assets and staff.

Total Grade A & B Supply 8.5 million sq. ft.

Upcoming Supply 4.95 million sq. ft.

The Project

The Centre is a premium mixed-use development strategically located at the corner of Abdullah Haroon Road in the heart of Karachi. The project integrates a shopping mall, a modern office tower, and dedicated parking facilities, offering a comprehensive commercial environment.
The development is situated in close proximity to Karachi's leading hotels and the city's financial hub, I.I. Chundrigar Road. It comprises approximately 139,320 square feet of office space across 12 floors, including two double-height levels, supported by five dedicated parking floors with a capacity of roughly 128,340 square feet.
The office tower is equipped with advanced infrastructure designed for 24/7 operations, including high-speed elevators, robust security systems, and a rooftop helipad. Notably, one 20-foot-high double-height floor has been designed for modern galleried trading, enhancing functionality for large-scale business operations.
The façade features a full curtain wall system with a minimum of 6 mm Stopsol, a 12 mm cavity, and 6 mm transparent double-glazed glass, manufactured and tempered by White Aluminium, UAE. The exterior panels incorporate Stopsol Silver Blue Green glass, specially imported from Belgium. Renowned for its pyrolytic layer glazing, Stopsol glass delivers superior solar control, making it an optimal choice for high-exposure environments.
In addition, a full floor has been allocated for common facilities designed to support the entire office complex, ensuring convenience and efficiency for tenants.

- A private eating room for executives
- Kitchen/Serving Area in a Cafeteria
- Men and women have separate prayer places.
- Modern Gym
- Showers and lockers

The office tower, front-facing Trinity Church, features its own dedicated entry lobby designed to efficiently accommodate a high volume of visitors. This main lobby integrates advanced security concepts and cutting-edge technology, ensuring both functionality and safety.
Vertical transportation within the complex is supported by five high-speed elevators supplied by KONE Corporation, one of the world's leading manufacturers of vertical transport systems. These elevators operate at a speed of 2.5 meters per second and are powered by EcoDisc Technology, delivering both performance and energy efficiency.
The building's power requirements are met through in-house captive generation. A specialized 1-megawatt generator, installed by GE Jenbacher, is fueled by gas supplied under load approval from SSGC for both power and cooling purposes. To ensure operational continuity, a 60 KVA backup generator supports elevator operations and corridor lighting during any downtime.
For cooling, the office complex employs gas-fired absorption chillers, which serve the entire air-conditioning system. These chillers not only ensure efficient climate control but also significantly reduce operating costs compared to conventional electricity-powered systems—an especially relevant consideration in energy-intensive environments such as Karachi.
Structurally, *The Centre* has been engineered with exceptional robustness. Its foundations were designed to support a potential 34-story high-rise, with 467 piles cast under rigorous industry standards and quality control protocols. Pile Integrity Tests confirmed strength, depth, and uniformity, while a 400-ton load test validated the system's performance.

The building is classified under the B-2 Seismic Zone category, denoting the highest structural resilience standard in Karachi.
The facility is monitored through a comprehensive digital CCTV system operating 24/7. Access across all entry points, lobbies, and parking areas is controlled through speed gates, barriers, and professional on-ground security personnel.
Centralized oversight is managed through an Integrated Building Management System (IBMS), which synchronizes subsystems such as HVAC, fire safety, access control, CCTV, mechanical, electrical, and elevator systems. This integration ensures energy efficiency and unified operational control across the complex.
The tower also features a fully operational helipad, capable of accommodating Augusta AW 109 Power models. DeSimone Consulting Engineers (USA) conducted a detailed peer review and confirmed the helipad's structural integrity to withstand static, dynamic, and rotor loads.
Centrally located in downtown Karachi, *The Centre* offers seamless access to major commercial hubs, including I.I. Chundrigar Road, Shahrah-e-Faisal, Clifton, and Defence. It is also within close proximity to five-star hotels, while benefiting from round-the-clock availability of public transportation, further enhancing its accessibility and commercial appeal.

Building features

- Glass coating in its entirety (first time in Pakistan)
- The office complex has five specialised high-speed elevators.
- The securities trading floor is double-height.
- The banquet floor and the auditorium
- The common floor is multipurpose (Staff and executive dining, gym, mosque, etc.)
- Vehicle security scanning systems that are specialised
- Building security access controls
- Systems for preventing and suppressing fires in their entirety
- Executive transfers from a helipad
- Parking is available on five separate levels.
- Power backup that is dedicated
- Air conditioning that is dedicated
- Dedicated entrance to the office block
- Filtration system for water
- ATM Facility inside the building

Transaction Structure:

Acquisition of Real Estate

A binding purchase agreement will be executed between Digital Custodian Company Limited (DCCL) [Formerly MCB Financial Services Limited (MCBFSL) being the Trustee of JS Rental REIT and JS Land being the owner of the real estate for the purchase of The Centre by the REIT scheme. The sale will be executed through the registry and micro-filming of the Sub-Lease Deed with Sub-Registrar and Photo-Registrar; and the properties will be vested to the Trustee.

The fund size of the REIT scheme is equivalent to the cost of purchase of the floors of this real estate inclusive of transfer fee. Units equivalent to the fund size will be issued to the nominees of JS Land (the Seller) as partial consideration for real estate, subject to approval of SECP.

Key Service Providers

JS Investment Limited (the RMC) appoints the following parties with approval of the Commission, wherever required, to provide services to JS Rental REIT under the REIT Regulations:

- Digital Custodian Company Limited (DCCL) [formerly MCB Financial Services Limited (MCBFSL)
- Savills as the Valuer
- JS Land Private Limited as the Property Manager;

- Pakistan Credit Rating Agency to provide fund stability rating;
- Auditors Grant Thornton
- A Unit Registrar with necessary experience and capacity

Investment Rationale

REITs provide investors with low-risk access to high-quality real estate, effectively introducing a new asset class into their portfolios. Given the significant capital typically required, direct investment in real estate is often beyond the reach of smaller investors. REITs address this challenge by enabling individuals to buy and sell fractional ownership in real estate assets, allowing them to tailor their exposure in line with their financial capacity. Key investment considerations include:

- The business strategy provides for at least 90% of profits to be distributed as dividends to unit holders. For investors, a high reward decreases the risk of management.

- The yearly increase in rental revenue in REITs protects the investment against inflation and interest rate declines.
- Investors will be able to leave the instrument at any moment because it will be listed on the PSX. Furthermore, the stock market prices REIT units every day, and they react quickly to changes in market opinion.
- Investors should diversify their portfolios to avoid portfolio volatility. REITs have low connection with other assets, like as equities and bonds, thus adding them to an investment portfolio minimises risk.

Investment Policy

The investment objective is to invest the REIT Fund to purchase the subject real estate as approved by the SECP for inclusion in the REIT scheme, under Rule 6 of the REIT Regulations (approval letter appended to section).

Surplus Cash

The investment objective of the fund is to invest the surplus cash available to the REIT Scheme e.g. cash available after dividends distribution and Opex/Capex in the following asset classes.

Asset Category	Minimum Acceptable Rating/ Specific Duration	Maximum Allocation % of the Total
Bank Deposit	A (Single A)	0-100%
Government Securities	90 days duration	0-100%

Dividend Distribution Policy

JS Rental REIT proposes to distribute at least 90% of its income as dividend to its unit holders on an annual basis.

Asset Replacement and Refurbishment

The fixtures, plant, and equipment supporting *The Centre* will be refurbished or replaced as necessary, or upon reaching the end of their useful life, as detailed in the Appendix. The Property Manager will notify the REIT Management Company (RMC) of such requirements, which will also be reflected in the annual project health survey. In accordance with the Property Management Agreement (PMA), the Property Manager is responsible for maintaining common areas, plant and equipment, as well as overseeing associated operating expenditures.
The revenue generated by JS Rental REIT is sufficient to meet foreseeable capital and operational expenditure requirements. However, in the event that, following the mandatory distribution of 90% of profits, sufficient cash

reserves are not available, the issuance of Bonus Shares may be undertaken in accordance with REIT Regulation Rule 29(2), subject to specific approval from the SECP.

Termination and Winding up of the REIT Scheme

The Commission may terminate the registration of the REIT Scheme if:

- The Commission determines that such action shall be in the best interest of the Unit Holders;
- The Unit Holders, through a special resolution, request the Commission on reasonable grounds to cancel the registration of the REIT Scheme; and
- The Trustee satisfies the Commission, on reasonable grounds, that continuation of the REIT Scheme is not in the best interest of the Unit Holders
- RMC sells the underlying assets with the approval of SECP and consent of unit holders

Accounting Policy

International Accounting Standard (IAS) 40 defines *Investment Property* as land, a building, or part of a building (or both) that is held by the owner or by a lessee under a finance lease to generate rental income, capital appreciation, or a combination of both (IAS 40.5).For financial reporting purposes, the Fair Value Model is applied, as permitted by the standard. Under IAS 40, the Fair Value Method requires:

- Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises. [IAS 40.35]
- Where a property has previously b.een measured at fair value, it should continue to be measured at fair value until disposal

Critical success factors:

Location

The Centre enjoys a highly strategic location, positioned at the edge of affluent residential and commercial districts. Its proximity to key business hubs enhances its accessibility and commercial appeal. The historic commercial corridors of Shahrah-e-Faisal, Saddar, and Tariq Road are within a 3-minute drive, while Karachi's primary financial district, I.I. Chundrigar Road, is approximately 10 minutes away.

Developer

With over 35 years of experience in building and project management, the Machiyara Group has established itself as one of Pakistan's leading developers. Renowned for its strong track record and credibility, the Group enjoys an excellent reputation among clients and regulatory authorities alike.
Since 1978, HM Group has successfully delivered a wide range of landmark projects across Karachi. The organization demonstrates a deep understanding of the city's urban development requirements, particularly with respect to parking provisions, circulation spaces, and open areas—ensuring compliance with environmental and regulatory expectations on all projects.
Their diversified portfolio includes luxury residential apartments in prime neighborhoods, prestigious office buildings in key financial districts, and retail malls in high-traffic commercial locations, reflecting both quality and market relevance.

Property Manager

JS Lands Private Limited

Market analysis:

The current government's initiatives have had a positive impact on the real estate sector, driving notable growth across land development and construction activities. According to SECP, new land development registrations increased by 132% in FY21, with 1,794 real estate development companies registered compared to 773 in the previous year. Similarly, the number of newly established construction enterprises rose by 54% year-on-year, reaching 2,698 in FY21.
The government's continued focus on promoting real estate and construction is expected to provide long-term support to the sector. However, upward pressure on building costs presents a potential challenge, requiring careful consideration by developers and investors alike.

SWOT analysis:

Strength:

- Strategic location in close proximity to Karachi's Central Business District (CBD)
- All major 4- and 5-star hotels located within a 3 km radius
- Experienced property management team with a strong industry track record
- Attractive and mandatory dividend distributions
- Tax-efficient investment returns

Weakness:

- Real estate prices may stay static for a long time depending on the economic cycle. Unit prices may be susceptible to demand for Other High-Yield Assets.
- Because the REIT structure is new to Pakistan's industry, there is no precedent and little public knowledge.

Opportunities:

- International Listing of REIT for improved liquidity
- Will create chances for wealth management departments of financial institutions
- Substitute for direct real estate investments in the longer term
- Regus as a co-working operator will attaract MNC and reputable locan companies.
- Liquidity thorugh PSX
- NAV is projected to have a low level of volatility

Threat:

- Changes in government regulations/taxes
- Future competition from new developments
- Slowdown in economic activity affecting projected rent collection from tenants

Risk **Disclosure**:

Market Risk

The Net Asset Value (NAV) of the Fund may fluctuate in response to market movements. The unit price may vary due to factors such as macroeconomic developments, political conditions, interest rate movements, and overall sentiment in the capital and real estate markets.

Letting Risk

Letting risk refers to the potential loss arising from tenant defaults on rental obligations.

Liquidity Risk

Investors may face challenges in selling their REIT units without adversely impac ting the market price.

Economic Risk

The performance of the real estate sector is directly influenced by the overall macroeconomic environment. A slowdown in economic activity, rising inflation, or tight monetary policy may negatively impact rental growth and property valuations.

Country or Political Risk

Uncertainty arising from political transitions, policy changes, or disruptions in law and order may impact investor confidence and returns. Examples include:

- Legislative changes or court orders restricting rental flows or property transactions.
- Imposition of additional taxation on rental income or real estate assets.
- Expropriation, civil unrest, or natural disasters disrupting business continuity.

Substantial Discount Risk

The trading price of the Fund’s units may deviate from its NAV, at times reflecting a substantial discount.

Occupancy Risk

Future risks include the possibility of declining occupancy levels.

Natural Calamity Risk

Natural disasters such as earthquakes, floods, or fires may adversely impact the property

Financial projections:

Project Specifics	
Floor Plate (Sq. ft)	11610
Total Floor in REIT (#)	7
Gross Floor Area in REIT (SQ. ft)	81,270
Total Occupied Floors in REIT	2
Total Occpied Floors in REIT (Sq. ft)	23,220
Total Unoccupied Floors	58,050
Annual Rental Value in 2024	60,982,033
Annual Rental Value in 2024 (PKR per Sq. ft)	2,626
Monthly Rental Value in 2024 (PKR per Sq. ft)	219
Average Property Value Escalation	3.00%

IWG Rental Assumption	
IWG - Regus Total Floor(s)	1
IWG - Regus Gross Floor Area (s) (Sq. ft)	11600
IWG - Regus Gross Floor Area Initial Year Occupancy (%)	57%
IWG - Regus Gross Floor Area Initial Year Occupancy (Sq. ft)	6,612

REIT Expenses (% of JS Rental Income)	21%

Year	**2024**	**2025f**	**2026f**	**2027f**	**2028f**
Property Value	**2,253,636,935**	**2,321,246,043**	**2,390,883,424**	**2,462,609,927**	**2,536,488,225**
Property Capitalization Rate	**2%**	**3%**	**5%**	**7%**	**7%**
Summary Projected Cashflow					
Projected Inflow - Rents	60,982,033	93,565,863	161,230,165	211,081,719	232,189,891
JS Rental REIT Average Occupancy	29%	37%	55%	69%	69%
JS Center Own Tenants - Rental Income	60,982,033	65,250,775	104,727,494	149,411,225	164,352,348
IWG Regus - Net Operated Income from Floors for JSRR		28,315,088	56,502,671	61,670,494	67,837,543
Projected Outflow	12,876,723	19,648,831	33,858,335	44,327,161	48,759,877
REIT Net Income	**48,105,310**	**73,917,032**	**127,371,831**	**166,754,558**	**183,430,014**
Dividend	**48,105,310**	**73,917,032**	**127,371,831**	**166,754,558**	**183,430,014**
Dividend Yield	**2%**	**3%**	**5%**	**7%**	**7%**

Dividend yields are anticipated to remain modest in the initial years due to the presence of recently acquired unoccupied floors. With effective tenancy management, optimal occupancy is projected by 2028, which should translate into stronger dividend yields.

The entry of International Workplace Group – Regus is expected to add significant value to both the project and the fund, with JSRR also anticipating potential capital gains once Regus achieves its targeted occupancy levels. In summary, the combination of improved occupancy and strategic partnerships positions the fund for long-term income growth and capital appreciation.