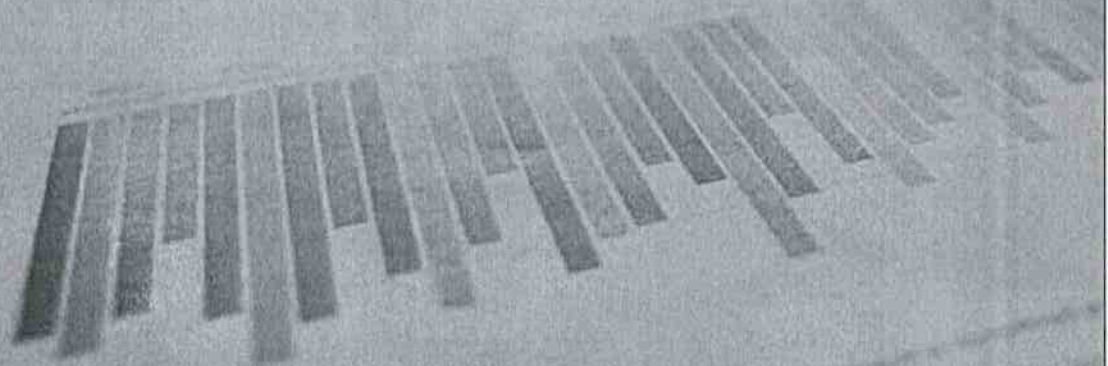


# Directors' Report



# Directors' Report

## FINANCIAL PERFORMANCE

The Board of Directors of ISE Towers REIT Management Company Limited (the Company) take pleasure to present their report together with audited financial statements of the Company for the year ended June 30, 2025.

The company closed the year on a strong footing, demonstrating resilience and consistent value creation for its shareholders. Core operations performed well, with operating income rising by 8.8% to 411.27, highlighting the company's ability to generate sustainable growth. EPS registered a healthy 10.1% increase compared to last year there- by rewarding shareholders with enhanced returns. Book value per share also strengthened by 7.1% to 22.57, reflecting the continued buildup of intrinsic value. While administrative expenses and other income showed variances, these were effectively managed without impacting overall performance. The results reaffirm the company's strong funda- mental and position it well to deliver sustained growth and shareholder value in the coming years.

	2025 Rupees in 'Million'	2024 Rupees in 'Million'	Change Rupees in 'Million'
Operating income	411.27	378.16	33.11
Other income	199.88	235.83	(35.95)
Admin expenses	124.82	96.55	28.27
Levy & Taxation	166.06	135.91	30.15
PAT	733.89	645.97	87.92
PAT*	561.82	508.77	53.05
EPS**	1.53	1.39	0.14
Book value	22.57	21.08	1.49

\* Profit after tax is exclusive of fair value gain on investment property.

\*\* Earning per share is on account of distributable profits of the Company.

## DIVIDEND

The Board of Directors are pleased to recommend a final cash dividend of Rs. 1.40 per share (14%) for the year ended June 30, 2025 thereby appropriating an amount of Rs. 514.06 million out of un-appropriated profits.

## FINANCIAL HIGHLIGHTS

Financial highlights of the Company for last six years are provided as annexure.

## ECONOMY

Pakistan's economy in FY 2025 demonstrated encouraging stabilization, creating a more supportive environment for businesses and investors. Real GDP grew by 2.7%, marking a turnaround from earlier contraction, while inflation dropped sharply to 4.6%, restoring purchasing power and easing business costs. Monetary policy followed suit, with the central bank reducing interest rates from record highs, improving credit availability and investor sentiment. The external account benefited from strong remittances and fiscal discipline, helping restore market confidence. Although structural challenges such as agriculture under-performance and slower job creation persist, the overall trajectory points toward improving macroeconomic stability, providing a stronger foundation for future growth and private sector opportunities.

## REIT SECTOR

In FY 2025, Pakistan's REIT sector recorded encouraging progress on the back of regulatory reforms including removal of Federal Excise Duty, reduction in property transfer taxes and rising investor participation. Tax exemptions on profit distributions of 90% or more further enhanced competitiveness, although capital gains tax at entry and financing constraints continue to weigh on the sector. Established REITs such as Dolmen, TPL, and Global Residency performed well, while new entrants broadened the market base. By year-end, 32 NBFCs were licensed as REIT Management Companies, managing 16 registered REIT schemes with a cumulative fund size of Rs. 195.12 billion, including 3 listed on PSX. Despite challenges of liquidity and investor awareness, the sector is steadily evolving into a structured, transparent investment class with significant potential for channeling capital into real estate and infrastructure.

The real estate sector, closely linked to REITs, also

# Directors’ Report

showed signs of recovery in FY 2025, supported by government incentives for small housing units and fiscal relief measures. Easing inflation and declining interest rates lifted sentiment, resulting in 8–10% price appreciation in most areas and stronger gains in prime locations. Rental demand remained steady, offering yields of 6–8%, while investor interest revived in both residential and commercial segments. However, high construction costs and regulatory challenges continue to pose risks, making policy continuity and governance improvements critical for sustained sectoral growth.

Looking ahead, Pakistan’s REIT sector has a promising outlook due to regulatory reforms, fiscal incentives, and growing investor interest. Favorable conditions, such as declining interest rates and easing inflation, are expected to boost the sector’s appeal. Despite challenges, the sector is poised for growth and can play a significant role in real estate and infrastructure development.

## BUSINESS REVIEW

### REIT Scheme(s)

The Company is in process for the launch of its inaugural REIT, “ISE Towers REIT Scheme”. This Scheme is the first of its kind in the Central region, further solidifying the Company’s pioneering position in the industry. Following successful Trust registration on May 18, 2023, with the Directorate of Industries and Commerce, Sindh, the Company has achieved financial close by December 31, 2023, as mandated by the SECP. The REIT listing is also anticipated shortly with property transfer to the Trust underway.

In addition, the Company is dedicated to expanding its REIT offerings, with plans to introduce new Schemes that will further drive business growth. To achieve this, the Company is actively exploring various opportunities for launching Developmental REIT Schemes.

Meanwhile, the Company is also directing its efforts towards obtaining the completion certificate for ISE Towers from the Capital Development Authority, with the goal of adding value to the property and driving long-term growth.

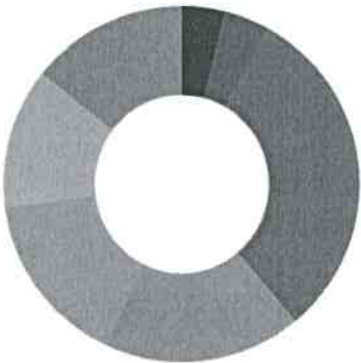
### Building Operations:

Apart from the REIT front, the Company also

placed strong emphasis on strengthening its building operations, where sustained efforts were made to enhance operational efficiency, streamline processes, and optimize costs. These measures, coupled with a focus on maintaining high service quality, enabled the Company to safeguard its profitability in the face of a challenging macroeconomic environment marked by inflationary pressures and rising input costs. Simultaneously, the Company remained committed to preserving its market competitiveness, ensuring that its flagship assets retained their premium stature and continued to be recognized as a corporate building. By reinforcing resilience and adaptability, the Company successfully defended its market position against increasing competition from new entrants, thereby consolidating its reputation as a trusted and forward-looking.

### Robust Tenancy Profile

The Company continued to benefit from a robust and well-diversified tenancy profile, comprising a mix of blue-chip corporates, multinational companies, financial institutions, and leading local businesses. Medium to Long-term lease arrangements with reputable tenants have ensured stable and recurring rental income, while the presence of diversified sectors within the tenant base reduces concentration risk and enhances overall portfolio resilience. This strength not only reinforces the Company’s financial stability but also underscores the premium positioning of its assets in a competitive real estate market. Current occupancy rate of the building is 95%.



- Oil & Gas 32%
- IT 21%
- Energy 13%
- Others 12%
- Cement 8%
- Airline 6%
- NGO 3%
- Bank 4%
- Capital Market 1%



# Directors' Report

## Health, Safety, Environment and Security (HSES)

The Company continues to place the highest priority on health, safety, environment, and security, ensuring a safe and secure environment for its tenants, visitors, and business partners. During the year, significant progress was made in strengthening safety infrastructure, including the completion of smoke venting systems to facilitate safe evacuation during emergencies. The installation of a modern fire sprinkler system is also underway, complementing the existing fire safety framework which already includes fire alarm systems, hose reels, automatic fire suppression systems, fire extinguishers, and other protective equipment.

Beyond infrastructure, the Company is equally committed to maintaining a safe and healthy workplace. Regular environmental testing, strict compliance with occupational safety standards, and continuous enhancement of security protocols — both physical and digital — have ensured that ISE Towers remains a secure and resilient facility for all stakeholders.

The Company is proud to hold multiple certifications that reaffirm its compliance and commitment to international and national standards, including:

- ISO 9001:2015 for Quality Management Services of ISE Towers;
- Smoke-Free Building certification by the Ministry of National Health Services, Regulations and Coordination (NHSRC);
- Environmental Compliance Certification by the Pakistan Environmental Protection Agency;
- Electrical Safety Compliance certified by a WAPDA-accredited agent;
- Building Integrity and Rentability Certification by NESPAK.

These achievements demonstrate the Company's dedication not only to safety and regulatory compliance but also to creating a sustainable, efficient, and trustworthy environment for its stakeholders.

## Corporate Social Responsibility (CSR)

The Company firmly believes in the transformative power of education as a catalyst for developing

human capital and driving long-term societal progress. In line with this vision, the Company has continued to support talented yet deserving students from the Islamabad and Rawalpindi communities by providing access to quality education through structured scholarship programs.

Recognizing that employees are its most valuable asset, the Company has prioritized the welfare of its workforce and their families. Under its in-house scholarship program, the Company currently supports the education of 27 students from employees' families, enabling them to pursue academic excellence and secure brighter futures.

Beyond internal initiatives, the Company has partnered with the READ Foundation, a renowned non-profit organization working to provide quality education across Pakistan, including underserved rural areas. Through this collaboration, the Company extended its scholarship support to 16 students enrolled in READ Foundation institutions, further broadening the impact of its educational initiatives.

During the year, the Company contributed Rs. 2 million to its CSR fund, out of which Rs. 1.74 million was disbursed as annual scholarship payments to eligible students. These efforts reflect the Company's enduring commitment to empowering communities through education, promoting inclusivity, and nurturing the next generation of leaders.

## Corporate Strategy and Future Outlook

The Board is committed to creating long-term value for its stakeholders, with a strong asset base, efficient operations, and a diversified pipeline of opportunities. The broader economic environment — including easing inflation, declining interest rates, and regulatory reforms in the REIT and real estate sectors — provides a favorable backdrop for expansion and innovation.

The Company's corporate strategy is focused on four key pillars: growth, efficiency, diversification, and sustainability. To achieve growth, the Company will pursue new projects and that expand its market footprint and revenue streams. Efficiency will be driven by digital transformation and operational optimization, enhancing both customer experience

## Directors' Report

and cost management. Diversification will come through a continued focus on REIT initiatives and real estate opportunities, supported by proactive engagement with regulators and investors. Finally, sustainability remains a core value, with the Company committed to corporate social responsibility programs, particularly in the areas of education and community development, ensuring that its success contributes positively to society at large.

Together, this forward-looking approach provides a clear roadmap for the Company to reinforce its market leadership, seize emerging opportunities, and build resilience for the future.

### GOVERNANCE

The Company takes a proactive approach to the corporate governance, fully complying with the requirements of the Listed Companies (Corporate Governance) Regulations, 2019 (CCG). Our compliance statement, reviewed and endorsed by external auditors, is included in this annual report, showcasing our commitment to upholding the highest standards of governance and transparency.

#### Board of Directors

The Company boasts a robust and well-rounded Board of Directors, comprising individuals with a diverse range of skills, expertise, and experience, ensuring a rich tapestry of perspectives and knowledge that effectively guides the Company's strategic direction. The Board of the Company comprises eleven (11) Directors including six (6) Non-Executive Directors (NEDs) having representation of shareholders and four (4) Independent Directors (IDs). The Chief Executive Officer (CEO) is an ex-officio member of the Board. Current composition of the Board is as under:

#### Representing Shareholders (NED):

- 1) Mr. Haroon Ihsan Piracha
- 2) Mr. Adil Khan Swati
- 3) Mr. Haider Khaqan Abbasi
- 4) Ms. Marium
- 5) Mr. Sohail Altaf
- 6) Mr. Zahid Latif Khan

#### Independent Director (ID):

- 7) Ms. Minahil Ali
- 8) Mr. Mohammad Masud Ch.

- 9) Mr. Muhammad Asad Ghani
- 10) Mr. Muhammad Farooq Iqbal

#### Chief Executive Officer – Executive Director

- 11) Mr. Sagheer Mushtaq

Mr. Haroon Ihsan Piracha, NED, is the Chairman of the Board.

During the year, twelve (12) meetings of the Board were held, attendance of the directors is attached.

#### Committees of the Board

In compliance with CCG, the Board has constituted four statutory committees:

- i. Audit Committee
- ii. Human Resource and Remuneration (HRR) Committee
- iii. Nomination Committee
- iv. Risk Management Committee

The composition of the Committees is in accordance with the requirements of CCG. Current composition of the Committees are given below:

Name of Directors	Audit	HRR	Nomination	Risk Management
Mr. Haroon Ihsan Piracha			✓	
Mr. Adil Khan Swati	✓		✓	
Mr. Haider Khaqan Abbasi				
Ms. Marium				
Ms. Minahil Ali				
Mr. Muhammad Asad Ghani	✓			✓
Mr. Muhammad Farooq Iqbal				
Mr. Mohammad Masud Ch.		✓		
Mr. Sohail Altaf		✓	✓	
Mr. Zahid Latif Khan		✓	✓	✓
Mr. Sagheer Mushtaq		✓	✓	✓

Attendance of the Committees meetings is attached as annexure to the report.

# Directors' Report

## Directors' Training

To uphold the highest standards of corporate governance, the Company recognizes the importance of ongoing education and training for its directors, ensuring they possess the necessary skills and knowledge to make informed decisions and provide effective leadership. Out of the current composition of the Board, four (4) Directors of the Company are certified Directors as per the requirements of CCG. The rest of the directors shall be imparted this training in due course.

## Annual Evaluation of the performance of the Board, Board's Committees and Individual Directors

In accordance with the Listed Companies (Code of Corporate Governance) Regulations 2019, the Company has established a rigorous and systematic process for regularly assessing the performance of the Board, its members, and Committees. This evaluation framework encompasses a comprehensive range of criteria, including Board composition and diversity, effectiveness of Board and Committee functions, governance frameworks, and overall dynamics and contributions, ensuring a thorough and multifaceted assessment of performance.

## Directors' Remuneration

All the Non-Executive Directors/Independent Directors are entitled to a fixed fee for attending Board meetings as approved by the Board. The CEO is the only executive director on the Board. He is entitled to salary and a company-maintained car as approved by the Board. No fee is paid to CEO for attending the board meetings.

## Directors' Compliance Statement

The Board confirms that:

- Proper books of accounts have been maintained.
- The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- There is no significant doubt on the Company's ability to continue as going concern.
- Appropriate accounting policies have been consistently applied in preparation of financial statements which conform to the International Financial Reporting Standards, as applicable in

Pakistan. The accounting estimates, wherever required, are based on reasonable and prudent judgment.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There is no material departure from the best practices of corporate governance.
- Key operating and financial data of last 6 years has been included in this report.

## INTERNAL AUDIT

The Internal Audit function of the Company is effectively operating within the framework prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the charter approved by the Audit Committee. The Board values the inputs and recommendations of the Audit Committee on the adequacy and effectiveness of internal controls in the Company and ensures appropriate timely actions.

## ETHICS AND COMPLIANCE

'Code of Conduct' has been disseminated to all Directors and employees of the Company in compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.

## LEGAL MATTERS

At present only one legal case titled "ISE Towers REIT Management Company vs. Metropolitan Corporation Islamabad" is pending for adjudication which is being pursued by the Company vigorously.

## APPOINTMENT OF AUDITORS

BDO Ebrahim & Co. Chartered Accountants, auditors of the Company for the FY 2024-25 stands retire and being eligible, have offered themselves for reappointment for the term 2025-2026. The Audit Committee and the Board recommend the reappointment of BDO Ebrahim & Co. Chartered Accountants as statutory auditors of the Company for the year 2025-2026 at the remuneration, to be approved by general body at Annual General Meeting, which will also cover the charges for review of half yearly accounts and review of Compliance Statement under Corporate Governance practices in terms of Listed Companies (Code of Corporate Governance) Regulations, 2019.

The external auditors have been given satisfactory rating under the Quality Control Review Program of Institute of Chartered Accountants of Pakistan (ICAP). They have confirmed that their firm is in compliance with provisions of Listed Companies (Corporate Governance) Regulations 2019 and International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

The external auditors have not been appointed to provide any other service which may impair their independence and they have confirmed having observed IFAC guidelines in this respect.

## PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at June 30, 2025 along with the necessary information is annexed to this report.

## ACKNOWLEDGEMENT

The Board of Directors extends its gratitude to the Government of Pakistan, SECP, FBR, and other regulatory bodies for their continued support. We also acknowledge the trust and confidence of our shareholders, customers, employees, and other stakeholders who remain the driving force behind the Company's success.

For and on behalf of the Board



**Haroon Ihsan Piracha**  
Chairman



**Sagheer Mushtaq**  
Chief Executive Officer

Islamabad, September 30, 2025

## Attendance at meetings

During the year nine (12) meetings of the Board of Directors of the Company were held, out of which six (6) meetings were held during the tenure of previous Board. Further four (4) meetings of the Audit Committee and two meetings of the HRR Committee were held. Directors' respective attendance in the meetings was as follows:

Name of Directors	Status	Board	Audit	HRR
Mr. Aamer Riaz	ID - Retired on January 22, 2025	5/6		
Mr. Adil Khan Swati	NED - Re-elected on January 22, 2025	12/12	4/4	
Mr. Faisal Naseem	NED - Elected on January 22, 2025 & resigned on Feb. 28, 2025	3/3		
Mr. Farrukh Younas Khan	NED - Retired on January 22, 2025	6/6	2/2	2/2
Ms. Farzin Khan	ID - Retired on January 22, 2025	5/6	2/2	2/2
Mr. Haider Khaqan Abbasi	NED - Appointed on June 27, 2025	1/1		
Mr. Haroon Ihsan Piracha	NED - Appointed on January 22, 2025	6/6		
Malik Qamar Afzal	ID - Retired on January 22, 2025	6/6	2/2	
Ms. Marium	NED - Appointed on February 28, 2025	4/4		
Ms. Minahil Ali	ID - Appointed on January 22, 2025	6/6		
Mr. Muhammad Asad Ghani	ID - Appointed on January 22, 2025	5/6	2/2	
Mr. Muhammad Farooq Iqbal	ID - Appointed on January 22, 2025	6/6	2/2	
Mr. Mohammad Masud Ch.	ID - Appointed on January 22, 2025	6/6		
Mr. Ozair Aslam Chaudhry	NED - Elected on January 22, 2025 & resigned on June 27, 2025	5/5		
Sardar Aman Khan	NED - Retired on January 22, 2025	6/6		1/2
Mr. Sohail Altaf	NED - Re-elected on January 22, 2025	10/12		0/2
Mr. Zahid Latif Khan	NED - Re-elected on January 22, 2025	12/12		2/2

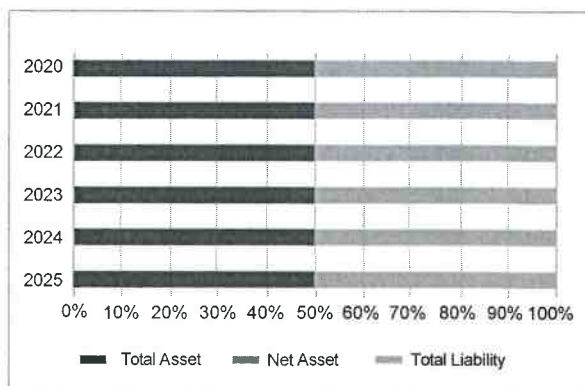
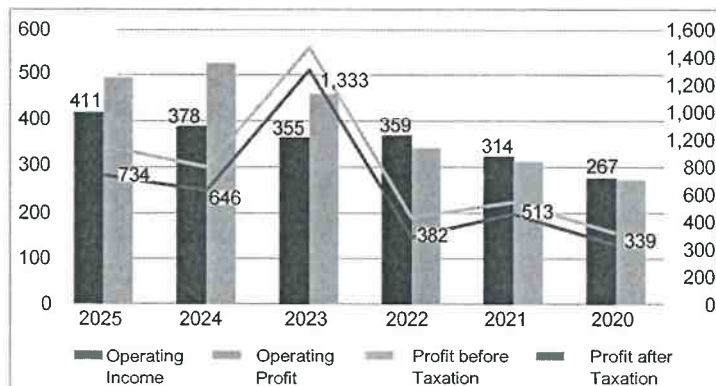


# Financial Highlights

## Six Years Performance

	2025	2024	2023	2022	2021	2020
Rupees In million						
<b>Profit &amp; Loss</b>						
Revenue	611.15	614.00	541.49	481.84	408.00	354.89
Administrative expenses	125.27	96.62	90.71	147.34	101.35	87.94
Fair value gain	172.07	137.20	940.67	108.67	201.14	102.25
Share of profit from associated companies	223.07	127.19	65.58	48.66	73.53	35.30
Income before taxation	899.95	781.88	1460.70	495.34	581.23	404.50
Income after taxation	733.89	645.97	1332.91	381.74	513.40	338.50
Net Profit	733.89	645.97	1332.91	381.74	513.40	338.50
<b>Information per ordinary share</b>						
Dividend [Rs per share]	1.40	1.05	0.93	0.65	0.60	0.33
EPS [Rs per share]	2.00	1.76	3.63	1.04	1.40	0.92
Breakup value [Rs per share]	22.57	21.08	20.52	17.46	17.03	15.45
<b>Balance Sheet</b>						
Property and equipment	1,303.33	1,292.15	1,195.58	1,160.04	1,123.07	1,054.48
Intangible assets	3.40	1.90	1.96	2.26	0.93	0.86
Investment property	5,405.58	5,233.50	5,096.31	4,155.64	4,046.97	3,845.84
Long term investments	797.00	633.05	496.06	446.52	415.46	347.70
Total Current Assets	1,086.47	845.20	999.94	839.86	797.71	533.71
Total Assets	8,643.87	8,088.56	7,830.10	6,669.04	6,474.63	5,877.45
Total Cash & Cash Equivalents	987,722.00	773,147	924,755	790,680	713,603	444,433
Equity + Revaluation Surplus	8,286.67	7,740.08	7,533.99	6,411.60	6,251.98	5,673.72
Total Non-Current Liabilities	52.86	56.06	48.99	41.35	38.08	34.84
Total Current Liabilities	304.34	292.42	247.12	216.09	184.57	168.90
<b>Cash Flow Summary</b>						
Net cash used in operating activities	234.11	243.90	254.53	274.87	249.08	200.90
Net cash (used)/ generated from investing activities	(71.11)	233.77	(93.55)	30.28	(133.19)	(96.62)
Net cash used in financing activities	(231.26)	(481.06)	(232.33)	(215.11)	(112.00)	(82.85)
Net increase / (decrease) in cash and cash equivalents	(68.27)	(3.40)	(71.35)	90.04	3.89	21.43

## Key Financials

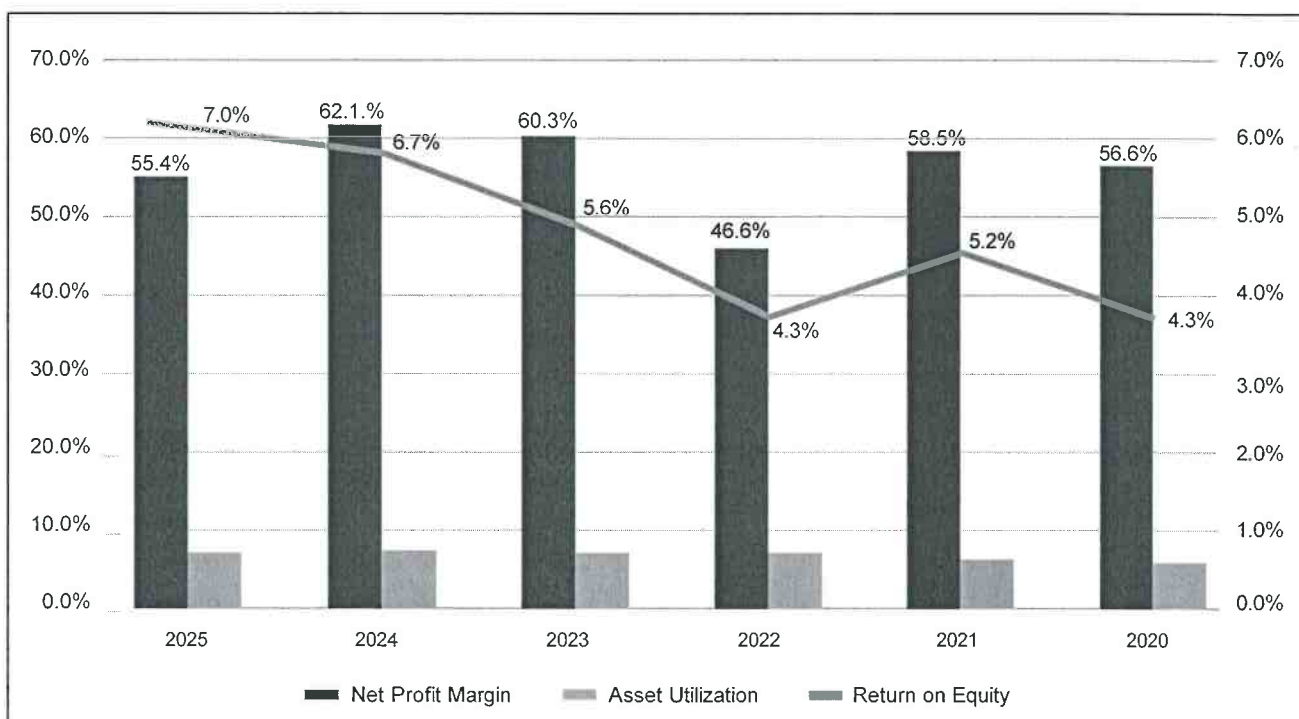




## Ratio Analysis

	Unit	2025	2024	2023	2022	2021	2020
<b>Investment ratios:</b>							
Earnings per share (After tax)	Rupees	2.00	1.76	3.63	1.04	1.40	0.92
Earnings per share (Before tax)	Rupees	2.45	2.13	3.98	1.35	1.58	1.10
Book value per share	Rupees	22.57	21.08	20.52	17.46	17.03	15.45
Dividend per share	Rupees	1.40	1.05	0.93	0.65	0.60	0.33
<b>Profitability Ratios:</b>							
Operating Profit Margin	%	118.1%	136.8%	127.1%	93.2%	97.7%	99.9%
Net Profit Margin	%	55.4%	62.1%	60.3%	46.6%	58.5%	56.6%
Return on Average Equity (ROE)	%	7.0%	6.7%	5.6%	4.3%	5.2%	4.3%
Return on Average Assets (ROA)	%	6.7%	6.4%	5.4%	4.2%	5.1%	4.1%
Return on Capital Employed (ROCE)	%	10.2%	9.9%	7.7%	5.5%	6.3%	5.1%
Cost to Income ratio	%	20.4%	15.7%	16.7%	30.3%	24.8%	24.8%
<b>Asset Quality and Liquidity ratios</b>							
Investment to Total Assets	%	9.2%	7.8%	6.3%	6.7%	6.4%	5.9%
Cash to Current Liabilities	Times	0.04	0.27	0.34	0.71	0.36	0.37
Current Ratio	Times	3.57	2.89	4.05	3.89	4.32	3.16
Debt to Equity	Times	0.04	0.05	0.04	0.04	0.04	0.04
Total Assets to Equity	Times	1.04	1.05	1.04	1.04	1.04	1.04

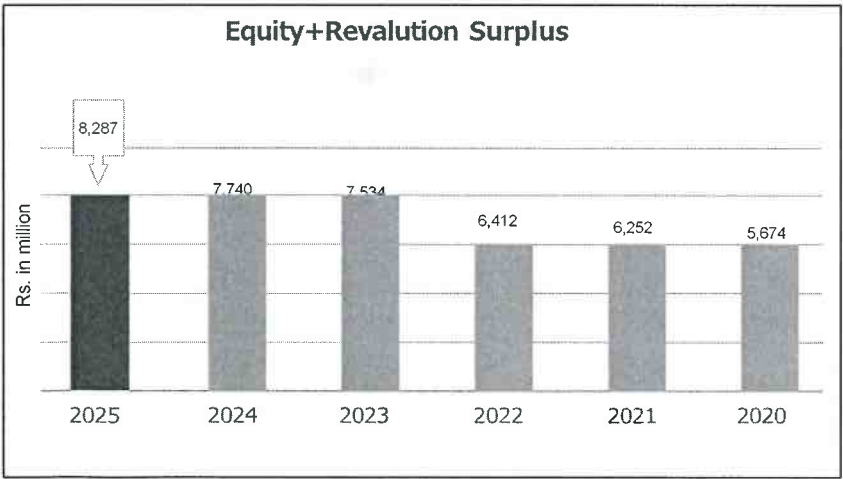
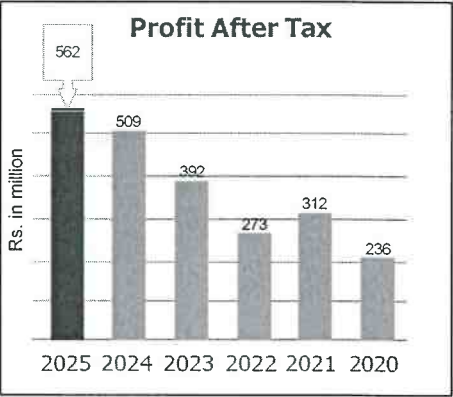
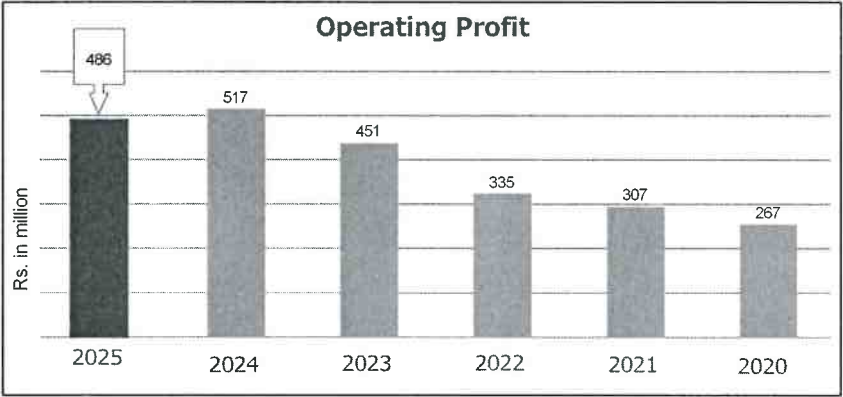
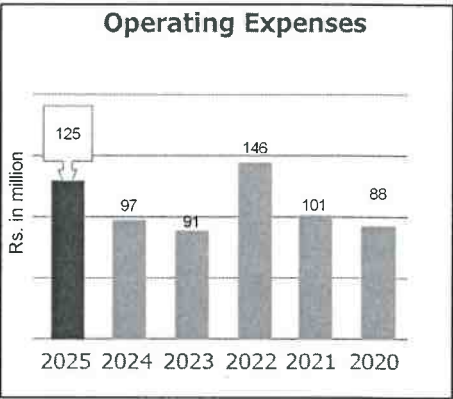
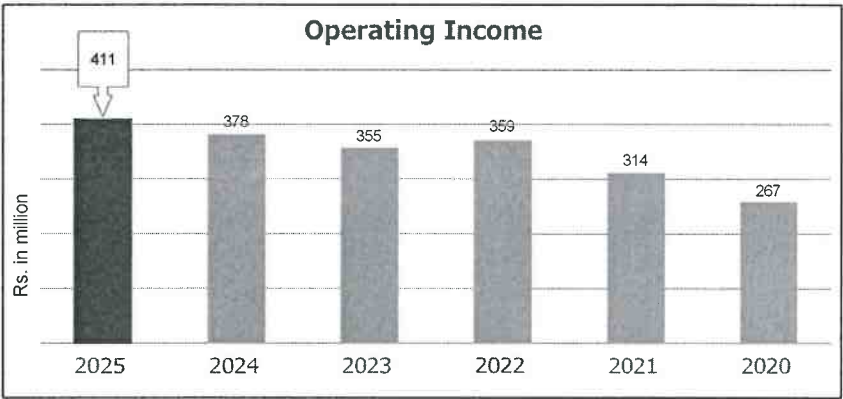
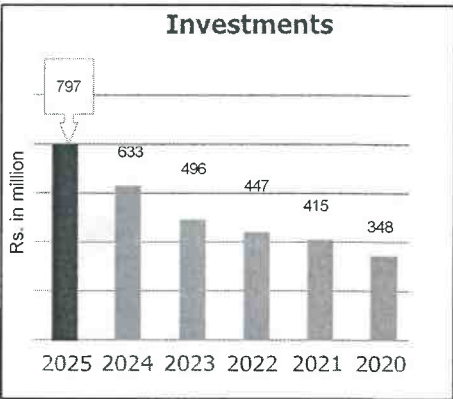
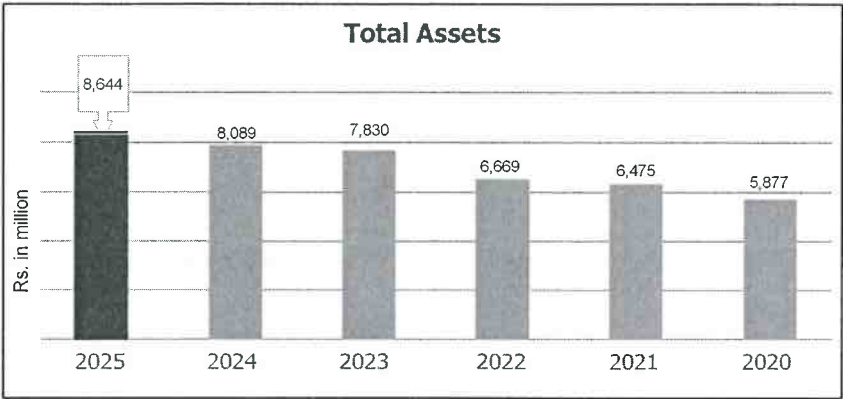
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\*Net profit is exclusive of fair value gain on investment property and share of profit from associate

# Trend Analysis

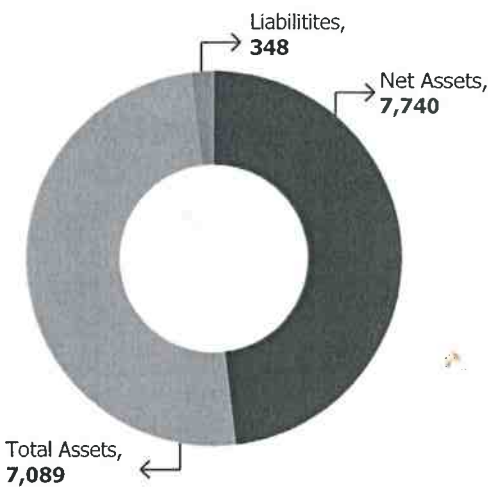
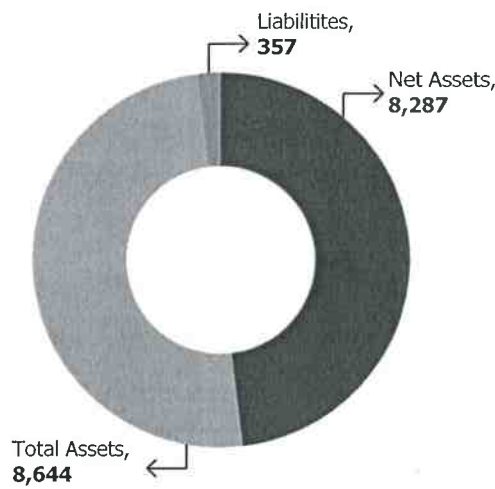
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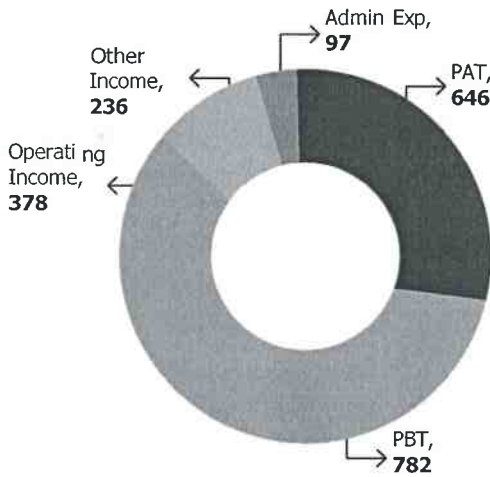
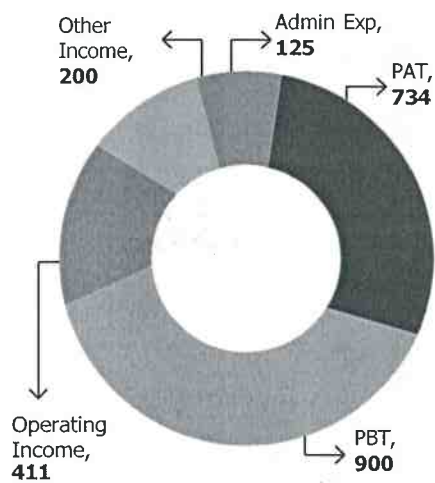
2025

2024

Financial Position  
in Million



Financial Performance  
in Million



Cash Flow  
in Million

