

ENL Property Limited
28 June 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Term Loan (Long-Term)	2,300	CARE MAU A; Stable [Single A Plus; Outlook: Stable]	Reaffirmed
Overdraft (Short-Term)	300	CARE MAU A1 [A One]	Reaffirmed
Total	2,600		

Ratings Rationale

The ratings assigned to the bank facilities of ENL Property Limited ("ENL Property") continue to derive strength from the established track record of the ENL Group, continuous strong demand for land in Moka region, improved price realisation for the past 10 years, steady increase in sale of land, improved financial performance of the major dividend paying group companies and improved cash coverage indicators of ENL Property.

The rating also factors in the prime location of the Moka Smart City due to its position in the central plateau of the island, reputation of ENL group for developing quality shopping malls, residential projects, and office spaces in prime areas of Mauritius, moderate project execution risk as the company will be developing infrastructure on land and building residential units in a phased manner and high occupancy of the leasable assets.

The rating is, however, constrained by the risks associated with the sale of land at envisaged price, the higher debt at group level vis-à-vis cashflow from operations and refinancing risk of existing debt, the volatility in rentals of newly completed buildings & profitability of the group/associate companies, regulatory risk associated with Smart City project and interest rate risk associated with floating rate debt.

Rating Sensitivities**Positive factors that could, individually or collectively, lead to positive rating action/upgrade:**

- Ability to sell land under Moka Smart City Scheme and ENL Limited at envisaged price
- Ability of Officea to develop office space and lease out in a timely manner
- Ability to maintain steady cashflow throughout the projected years

Negative factors that could, individually or collectively, lead to negative rating action/downgrade:

- Deterioration in the financials of the group entities
- Delay in receipt of dividend and cashflows as envisaged from group companies
- Additional debt taken by ENL Property Limited and group companies over and above envisaged level vis-à-vis cashflow

BACKGROUND

ENL Property Limited (ENL Property) was incorporated in February 2010. It is a 100% subsidiary of ENL Limited (CARE MAU A; Stable). ENL Property's principal activity consists of operating as a provider of professional and management services in the property development industry. The company sells land, develop and sells residential properties and develop and manages office portfolio. The key contributor to the profit is profitable performance of Ascencia and Officea.

¹Complete definitions of the ratings assigned are available at www.careratingsafrica.com.

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ENL Property (cash generating entity of the group) - engaged in real estate development, management of land bank of ENL group and rental spaces (office and malls). Major group companies:

- a. **Moka City Limited** (60.89% subsidiary of ENL Property) – engaged in development of Moka under the Government-sponsored Smart City Scheme, integrating more advanced technological, environmental, social, and economic considerations into the master plan for the region. The first 2 phases of the Moka Smart City are being developed on 954 acres of land at the crossroads of the island's two main motorways.
- b. **Ascencia Limited** (24.86% subsidiary of ENL Property) - 7 shopping malls in Mauritius including Bagatelle Mall.
- c. **Oficea Company Limited** (76.69% subsidiary of ENL Property) - Oficea is an income fund holding a portfolio of office properties mainly in Vivea Business Park Moka underpinned by MUR denominated medium to long term leases with high quality corporate tenants. Oficea currently has an existing portfolio of around 34,288 sqm of gross lettable area (GLA) into operations with 96% occupancy.

CRAF in its analysis considers the combined cash flow of ENL Property and its subsidiaries as the company receives cash flow from its subsidiaries either by way of dividend or capital reduction post the sale of land. ENL Property will receive cash flows from the following group companies: -

1. Dividends from group companies- Ascencia Ltd. and EnAtt Ltd.
2. Dividend paid by Oficea– out of office rentals.
3. Cashflow (capital reduction route) from sale of land by Moka City and Courchamps Properties and apartment sale by ENL Residential.

Hence, cash flow analysis of ENL Property Ltd, financials of dividend paying companies, ability of Moka City to sell land and ENL Residential to sell apartments, dividend paying ability of Oficea and the ability of the company to sell land in around Moka region has been analyzed.

ENL Group profile

ENL Limited ("ENL") is the surviving entity post the amalgamation of Ex-ENL Ltd., ENL Finance, ENL Land and ENL Commercial into La Sablonniere Limited. Subsequently La Sablonniere Limited was renamed as ENL Limited w.e.f. January 2019. ENL group currently owns around 22,000 arpents (acres) of land in Moka (Centre of the island and most populated & one of the posh areas of Mauritius), Savannah (South) and Bel Ombre/Case Noyale (South-West). ENL grows sugar cane and conducts other agricultural activities on some 12,000 arpents of land and has earmarked around 1,500 arpent near Moka and Savannah – inclusive of the Smart Cities of Moka and Savannah for real estate development over next 15 years. In 2011, the group inaugurated the Bagatelle Mall (utilizing part of land), which as on date is the most popular mall of Mauritius and has increased the land value in Moka region. Four of the group's companies are listed; (ENL Limited, Rogers and Ascencia [rated CARE MAU AA-; Stable] on the Stock Exchange of Mauritius and Velogic on the Development and Enterprise Market. **The current structure of ENL group is as under:**

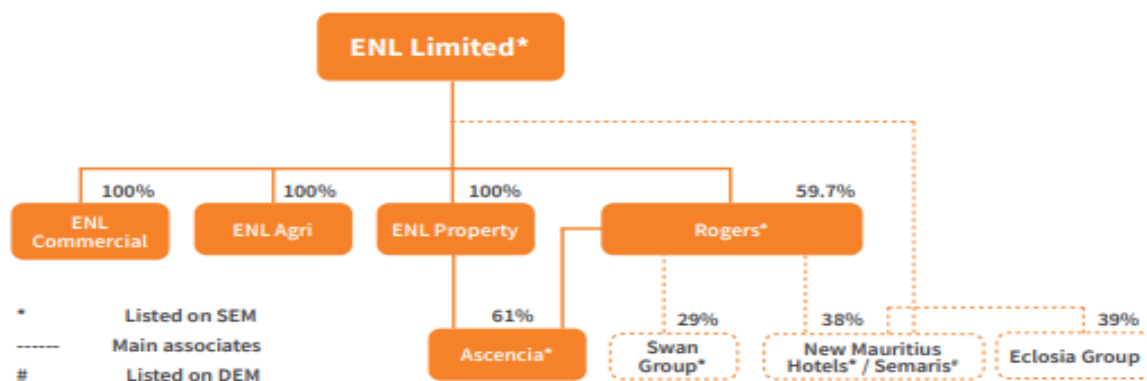
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Financial performance in FY22: ENL Property Limited manages ENL group's land bank and drives its residential and office developments. The company develops, markets, and manages a portfolio of premium resorts, homes and offices. Accordingly, the company receives asset management fees, property management fees, sales & leasing commission, fund management fees, property development fees and management fees. ENL Property posted a total income of MUR 544 million (MUR 408 million in FY21) and EBITDA of MUR 285 million in FY22 (MUR 179 million in FY21). The company can comfortably repay its interest and will be providing funds to ENL Limited by way of dividend or capital reduction. Capital reduction of MUR 505 million in FY21 and MUR 182 million in FY22 were received from the subsidiaries (primarily Moka City).

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, 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. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating.

CRAF's ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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Annexure I

Rating Symbols

Long /Medium-term Instruments

Symbols	Rating Definition
CARE MAU AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry very low credit risk.
CARE MAU A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations, in Mauritius. Such instruments carry moderate credit risk.
CARE MAU BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations, in Mauritius.
CARE MAU D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU AA to CARE MAU C. The modifiers reflect the comparative standing within the category.

Short term Instruments

Symbols	Rating Definition
CARE MAU A1	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry lowest credit risk.
CARE MAU A2	Instruments with this rating are considered to have strong degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry low credit risk.
CARE MAU A3	Instruments with this rating are considered to have moderate degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry higher credit risk as compared to instruments rated in the two higher categories.
CARE MAU A4	Instruments with this rating are considered to have minimal degree of safety regarding timely payment of financial obligations, in Mauritius. Such instruments carry very high credit risk and are susceptible to default.
CARE MAU D	Instruments with this rating are in default or expected to be in default on maturity.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE MAU A1 to CARE MAU A4. The modifiers reflect the comparative standing within the category.

Rating Outlook

The rating outlook can be 'Positive', 'Stable' or 'Negative'.

A 'Positive' outlook indicates an expected upgrade in the credit ratings in the medium term on account of expected positive impact on the credit risk profile of the entity in the medium term.

A 'Negative' outlook would indicate an expected downgrade in the credit ratings in the medium term on account of expected negative impact on the credit risk profile of the entity in the medium term.

A 'Stable' outlook would indicate expected stability (or retention) of the credit ratings in the medium term on account of stable credit risk profile of the entity in the medium term.

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About CARE Ratings (Africa) Private Limited:

CARE Ratings (Africa) Private Limited (CRAF) is the first credit rating agency to be licensed by the Financial Services Commission of Mauritius in May 2015. It is also recognized by Bank of Mauritius as External Credit Assessment Institution (ECAI) from May 2016. CRAF is also licensed by Capital Markets Authority of Kenya to operate as a Credit Rating Agency in Kenya. CRAF intends to expand across other geographies in Africa with Mauritius as its hub of operations. With an equitable position in the Mauritius capital market, CARE Ratings (Africa) Private Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

CRAF's shareholders are CARE Ratings Limited, African Development Bank, MCB Equity Fund and SBM (NFC) Holdings Limited.

CRAF gets its technical support in the areas such as rating systems and procedures, methodologies, etc. from CARE Ratings Limited on an ongoing basis. CARE Ratings Limited, with an established track record of rating companies over almost three decades, follows a robust and transparent rating process that leverages its domain and analytical expertise backed by the methodologies congruent with the international best practices.

CRAF's Rating Committee consist of full-time members comprising of Senior Rating officials from CARE Ratings Limited and a panel of experienced professionals from Mauritius and African Development Bank.

CRAF has had a pivotal role to play in developing bank debt and capital market instruments including MMIs, corporate bonds and structured credit.

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