

ENL Property Limited
25 July 2022

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Term Loan	2,300	CARE MAU A; Stable [Single A; Outlook: Stable]	Assigned
Overdraft Facilities	300	CARE MAU A1 [A One]	Assigned
Total	2,600 (Two Thousand Six Hundred Only)		

Rating Rationale

The ratings assigned to the bank facilities of ENL Property Limited ("ENL") derives strength from the established track record of the ENL group, the significant land bank of around 22,000 arpents, one third of which is situated in the Moka region, prime location of the Moka Smart City due to its position in the Central plateau of the island, strong demand for plots of land in Moka, reputation of ENL group for developing quality shopping malls, residential projects and office spaces in prime areas of Mauritius, moderate project execution risk- since the company will be developing infrastructure on land and building residential units in phases, high occupancy and profitability in retail and asset portfolio, comfortable cash flow and cash surplus of dividend paying companies.

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

Rating Sensitivities

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

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

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

- Additional debt by ENL Property Limited and group companies
- Delay in receipt of dividend and cashflows as envisaged from group companies.

BACKGROUND

ENL Property Limited (ENL Property) was incorporated on February 22, 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 builds and manages homes, offices, and shopping malls, leading the real estate market with an integrated offer. The key contributor to the profit is profitable performance of Ascencia and Officea.

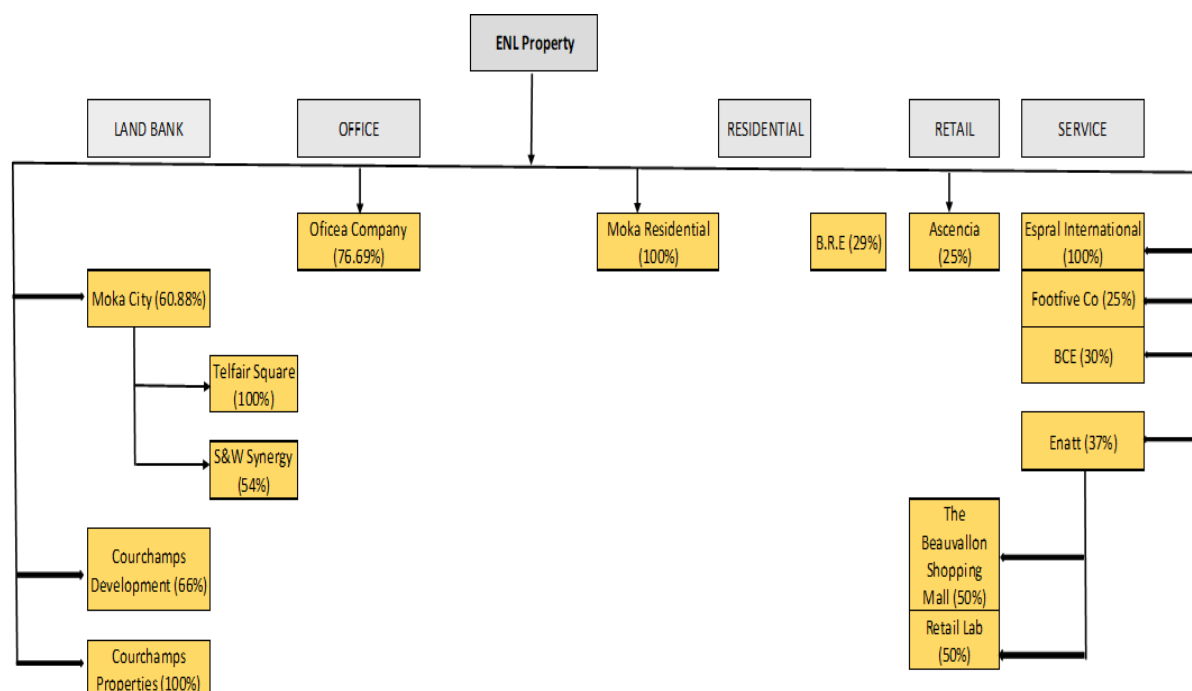
ENL Property - engaged in real estate development, management of land bank of ENL group and rental spaces (office and malls). Major group companies:

- Moka City Limited** (60.89% subsidiary of ENL Property) – engaged in urbanization of Moka under the Government-sponsored Smart City Scheme, integrating more advanced technological, environmental, social,

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

and economic considerations into the Master Plan for the region. The first 2 phase of the Moka Smart City is 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 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 25,000 sqm of gross lettable area (GLA) into operations with almost 100% occupancy.



CRAF in its analysis considered combined cash flow of ENL Property and its subsidiaries as the company receives cash flow from its subsidiaries either by the way of dividend or capital reduction post the sale of land. EPL 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 Rental
3. Cashflow (capital reduction route) from sale of land by Moka City, Courchamps Development and Courchamps Properties and apartment sale by Moka Residential under Smart City Scheme.

Hence, cash flow analysis of EPL., financials of dividend paying companies, ability of Moka City to sell land and Moka Residential to sell apartments under Smart City Scheme, dividend paying ability of Oficea has been analyzed.

ENL Group profile

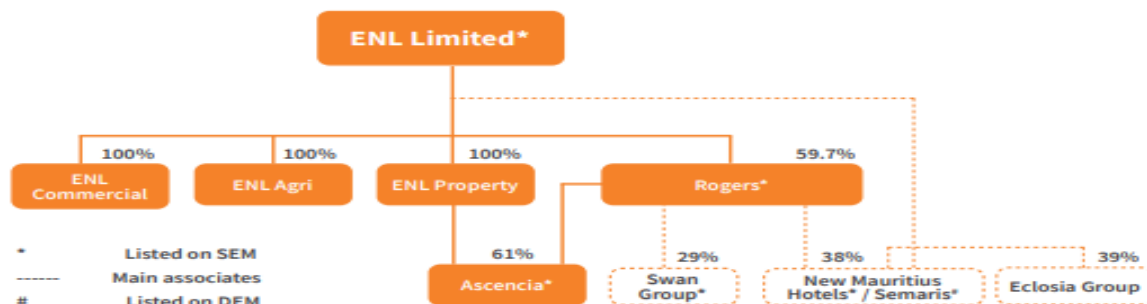
ENL Limited ("ENL") is the surviving entity post the restructuring and amalgamation of Ex-ENL Ltd., ENL Finance, ENL Land and ENL Commercial into La Sablonniere. Subsequently La Sablonniere was renamed as ENL Limited w.e.f. January 2019.

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

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sugar cane on 15,000 arpents of land and have earmarked about 5% of this area (around 1,000 arpents near Moka) for real estate development over next 10 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 (ENL Limited, Rogers, Ascencia [rated CARE MAU AA- Stable] and Commercial Investment Property Fund [CIPF: rated CARE MAU A and CARE MAU A-; Stable]) are listed on the Stock Exchange of Mauritius. **Current structure of ENL group is as under:**



ENL Property Limited manages ENL group's land bank and drives its residential and office developments. The company develop, market and manage 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, management fees and rental income from various properties from its group companies aggregating. ENL Property by way of capital reduction has received Mur 505 million in FY21 from its subsidiaries (primarily Moka City).

ENL property posted a total income of MUR 408 million (MUR 351 million in FY20) and EBIDTA of MUR 123 million in FY21 (MUR 103 million in FY20). The company has long term debt of Mur 1,504 million from MCB & SBM. It is 10 years facility with a moratorium of 5 years. Both MCB and SBM has rolled over the facility in FY17, with a moratorium of another 5 years.

Madam Aruna Radhakeesoon has not participated in RCM for discussion of this case, of this case because of her association with Rogers & Co. Ltd which is an ENL group company.

Disclaimer

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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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