Petite Riviere Investments Ltd ("PRIL")
29 September 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating[1]	Rating Action
Proposed Bond Issue	230	CARE MAU BBB+; Stable (Triple B Plus; Outlook: Stable)	Assigned
Total	**230**		

Rating Rationale

The Rating assigned to the proposed bond issue of Petite Riviere Investments Ltd ("PRIL"), derives strength from the experienced promoters with satisfactory track record in handling rental income generating properties, the steady demand of offices in less traffic areas, reputed lessee profile with 64% coming from group companies and satisfactory occupancy rate of 85% with high retention of tenants. The rating also draws strength from the comfortable debt coverage ratios and low refinancing risk.

The rating is however constrained by the project execution risk for the extension phase, which is primarily debt funded, the renewal risk of the lease from the client outside the group, interest rate risk and competition from the new office and warehouse developments in the pipeline in Ebene and Port Louis.

Rating sensitivities

Positive factors that could lead to positive rating action / upgrade:

- Timely completion of the extension project within estimated cost and receipt of rentals in timely manner
- Ability to improve occupancy rate above 90% for existing Gross Lettable Area (GLA)

Negative factors that could lead to negative rating / downgrade:

- Non- renewal of lease agreement from non-group entities leading to decline in occupancy level below 80%.
- Additional debt taken by the company over and above the envisaged project debt.
- Significant payment of dividend to holding entities

BACKGROUND

Incorporated on May 14, 2010, Petite Riviere Investments Ltd ("PRIL") is owned by ATS Limited (with 33.3% holdings), KASA Holdings Ltd (33.3% holdings) and Rey & Lenferna Ltd (33.3% holdings). PRIL is an investment property company, engaged in real estate activities with own and leased properties. The main source of revenue for PRIL is derived from renting of premises for warehouse, office space, and manufacturing operations out of which around 64% of its rental income is derived from tenants within the group or related companies. PRIL acquired the mainland and property in July 2010 and an additional 2 plots of land were acquired in April 2022.

As on March 2023, Petite Riviere Investments building has a total gross lettable area (GLA) of 24,900 sqm with 85% occupancy generating a rental income of around MUR 31 million annually. The tenants are Rey & Lenferna Ltd, Ducray Lenoir Ltd, ATS Manufacturing Co. Ltd, Impact Production Ltd and Real Garments Ltd. The Weighted Average Lease expiry for the property is 6.73 years as at March 2023. PRIL will be expanding the existing building to generate an additional GLA of 7,862 sqm.

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

Management: PRIL is a professionally managed company, with an experienced management. It is governed by a 4-member Board of Directors. Mr. Dominique Galea is the Chairman and Mr. Paul Ah Leung, Managing Director of Rey &Lenferna Ltd, is also the Managing Director of PRIL. He is assisted by Mr. Jean Alain Douce, Chief Financial Officer of Rey & Lenferna Ltd and PRIL.

Performance in FY22: PRIL achieved a similar level of revenue of MUR 23 million (MUR 24 million in FY21) and EBIDTA of MUR 17 million in FY22 as compared to FY21. PAT for both years was at the same level – MUR 13 million. PRIL was a low-geared company with overall gearing of 0.01x and debt to rental of 0.16x as on December 31, 2022. Interest coverage was 10.04x and cash coverage ratio for the year was 4.03x. The occupancy rate as of December 2022 was 85% which remained unchanged as at March 2023 and WALE was 6.73 years at the same period.

Disclaimer

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Annexure II

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.

A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation".

A prefix of 'Provisional' may be added to a 'SO' rating indicating that the rating is subject to completion of certain conditions.

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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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.
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