Compagnie Immobiliere Limitee

13 January 2025

Rating

Instrument/Facilities	Amount (MUR Million)	Rating[1]	Rating Action
Proposed Bank Facility – Term Loan	**650**	**CARE MAU A-; Stable**	Assigned

Rating Rationale

The rating assigned to the proposed term loan of MUR 650 million for Compagnie Immobiliere Limitee (CIL) derives strength from the experience and resourceful promoters (CJ & Co. rated CARE MAU A; Stable), the diversified portfolio of yielding assets valued at MUR 1,700 million in prime and strategic locations, the comfortable Loan to Value (LTV at 32%), the high combined occupancy rate in all the properties (above 95% as at October 2024) and high retention rate of tenants, lease agreements with rental escalation clause, comfortable cashflow with steady source of income from lease rentals and a satisfactory Weighed Average Lease Expiry (WALE) of 7.3 years. The rating also factors into consideration that 42% of the GLA is occupied by companies within the Currimjee group, with Emtel Limited (rated CARE MAU AA-; Stable) occupying 29% of the leasable area.

The rating is, however, constrained by the risk associated with the future debt funded project, risk of competition from new malls and commercial spaces, risk of non-renewal of lease agreement from tenants after lock-in period and tenant concentration risk.

Rating Sensitivities

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

- Renewal of the lease agreements well before expiry date in a timely manner
- Ability to maintain the combined occupancy rate above 90%
- Successful execution of the construction project within the envisaged cost and timelines
- Ability to repay or refinance the debt as they fall due

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

- Significantly large debt-funded investments not beyond envisaged level, adversely impacting its cash flow and debt coverage indicators
- Non-renewal of lease agreements
- Delay in receipt of lease rentals affecting cashflow of the company

BACKGROUND

Incorporated in December 1950, Compagnie Immobiliere Limitee ("**CIL**"), is a subsidiary of Currimjee Real Estate Ltd ("CRE"), which is in turn fully owned by Currimjee Jeewanjee and Company Limited ("CJ & Co." rated CARE MAU A; Stable). CJ & Co. ranked 20th amongst the top 100 companies in Mauritius by the Business Magazine in 2023. CIL forms part of the Real Estate cluster of the Currimjee Group and has a management agreement with CRE to provide Asset and Property management services. CRE is responsible for the management and development of Currimjee Group's portfolio of properties.

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

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CIL is primarily involved in the rental of property and investment in prime urban locations across Mauritius such as Curepipe, Rose Hill, Ebene, Arsenal and Phoenix. CIL is listed on the Development Enterprise Market ("DEM") since 2006.

Restructuring: Prior to 2021, CIL's portfolio of assets comprised solely of the iconic and historical Les Arcades Currimjee building in Curepipe, which was the only revenue generating asset of the company and 50% ownership of bare land in Rose Hill. CIL also owns a plot of land at Curepipe which generates revenue from rental of parking. In November 2022, in line with its strategy to build scale, CIL diversified its property portfolio and mitigate the concentration risk associated with a single yielding asset into a multi-asset yielding portfolio. The company acquired 100% stake in Multi-Channel Retail Limited ("MCR") for a purchase consideration of MUR 713 million. On December 19th, 2022, a share split of the ordinary shares of CIL in the ratio of 50 for every 1 held was approved post the MCR acquisition. CIL proceeded with the amalgamation of its wholly owned subsidiary, MCR, effective on December 31st, 2023, with CIL being the surviving entity. In the same stride, all the yielding assets under MCR, valued at MUR 1.3 billion, were effectively transferred to CIL. In April 2024, CIL expanded its portfolio further through the acquisition of Quay 11, a commercial property in the heart of Port Louis, for MUR 112.5 million. Quay 11 was previously wholly owned by CJ & Co.

Professional and qualified management team

Management: Compagnie Immobiliere Limitee is a professionally managed company and is governed by 8-member Board of Directors comprising of the Chairman, 1 Executive Director, 3 Non-Executive Directors and 3 Independent Directors. Mr. Iqbal Oozeer is the Chairman and Non-Executive Director of the board and is a fellow member of the ACCA, UK. He is the managing director of Currimjee Jeewanjee and Company Limited. Mr. Sanjiv Mihdidin, Executive Director of CIL and the CEO of CRE, manages the day-to-day affairs of the company. Mr. Sanjiv holds BTech Civil Engineering & a MBA Finance from the University of Mauritius along with MSc in Environmental Engineering from the University of Newcastle, UK. He is supported by a team of professionals from CRE.

Performance of CIL in FY23: CIL achieved a MUR 125 million in rental income in line with CIL's larger yielding asset base in FY23. EBITDA and PAT concurrently grew by 108% and 41% respectively in FY23. GCA stood at MUR 54 million (MUR 22 million in FY22). Interest coverage fell to 2.99 times due to an increase in interest cost of MUR 32 million in line with the outstanding debt of MUR 589 million transferred from MCR following the merger. Overall gearing stood at 0.54 times as at December 31, 2023. LTV was comfortable at 32%.

Disclaimer

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Annexure II

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.

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