Cap Tamarin Ltee

28 May 2025

Rating

Facilities/Instruments	Amount (MUR Million)	Rating[1]	Rating Action
Proposed bond issue	**600**	**CARE MAU BBB; Positive**	Assigned

Rating Rationale

The rating assigned to the proposed bond issue of Cap Tamarin Ltee ("Cap Tamarin") derives strength from the strategic location of the Smart City in a high-demand region on the West Coast of Mauritius, sustained demand for land and improving price trend for the past 10 years and the steady sale of land by Cap Tamarin providing cashflow visibility in the medium term. The rating also factors in the established track record of the promoters – Trimetys in the real estate development industry and the moderate financials and coverage ratio.

The rating is however constrained by the market risk associated with sale of land in the long term, slow down in overall real estate segment emanating from regulatory risk with changes in law pertaining to sale of land, persistent losses and negative cash flow over a period of four years for Cap Tamarin leading to gradual erosion of the tangible networth over the period.

Rating Sensitivities:

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Ability to sell land at the envisaged price and within the stipulated timeline
- Ability to improve cash flow over the projected period
- Timely completion of development projects O'patio, Villas Aloes and H57 within cost parameters

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Change in regulations pertaining to Real Estate sector by the Government which can impact sale and pricing.
- Significant deterioration in demand scenario and slowdown in sale of land
- Significant increase in debt above envisaged level

BACKGROUND

Incorporated in 2012, Cap Tamarin Ltee "**Cap Tamarin**" is a private company with its main activity being real estate development. The company is a wholly owned subsidiary of Trimetys Ltd. Cap Tamarin Ltee is engaged in development of a smart city project, on its land bank spanning over 104 arpents, under the Smart City Scheme, encouraging diversity and sustainable development. The project is being developed on the west coast of Mauritius, between the Tamarin Bay and La Tourelle mountain, offering a unique urban and coastal lifestyle. Cap Tamarin Smart & Happy Village is an extension of the traditional village of Tamarin.

Following the launch of the Smart City Scheme in June 2015 by the Government of Mauritius (GOM), the Board of Investment of Mauritius issued a Smart City Certificate to the Cap Tamarin Smart City in October 2016, for a mixed-use development project located on the west coast of the island.

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

An overview of the Cap Tamarin Smart City project is tabled below:

	Phase 1	Phase 2	Phase 3
Year	2018-2024	2024-2027	2027-2030
Details	Initial development of residential units, commercial spaces and essential services.	Expanding on the initial development phase and adding more residential units	Final phase of completing the development with focus on enhancing the overall infrastructure.
Area under development	44 Hectares (104 arpents)		
Area sold	Out of the 104 arpents, 61% have already been sold, with 42% delivered to date and the remaining 19% signed and confirmed land sales for FY25 and FY26		
Main features of the Smart City Project	- 3 hectares park along the river - 15,000 sqm office spaces and 11,000 sqm of commercial space - 3 km pedestrian and cycle paths - 1,200 residential units - 1 primary school (L'École Paul et Virginie) - 1 clinic (IBL Life clinic) - 25,000 sqm sports facilities (RM Club) - 16,000 sqm hypermarket (Super U Tamarin) - 2.5MW photovoltaic energy upon project completion		

The project offers buyers with a diverse range of properties, such as apartments, villas, offices and retail spaces – spanning over the different real estate projects of the company.

Moderate financials and cash flow from operations with successive losses

The company's financial performance is prone to significant volatility, primarily influenced by land sales. In FY22, land sales contributed MUR 77 million to total income, while no land sales were effected in FY23. Total income for FY23 was MUR 1 million, consisting of only rental revenue, whereas total income for FY22 stood at MUR 124 million, including other income of MUR 46 million received during the year. EBITDA for FY22 amounted to MUR 24 million, while a negative EBITDA of MUR 25 million was recorded in FY23. Both FY22 and FY23 were loss making years, with a net loss of MUR 200 million and MUR 151 million recorded respectively. However, these figures include land costs, making EBITDA and PAT less indicative of operational profitability. Total debt as on December 31, 2023 increased by 15% compared to the prior year, with the overall gearing increasing from 1.01x to 1.42x over the period. The company recorded a negative cash flow from operations of MUR 13 million in FY23.

Performance in FY24: The company remained dependent on land sales, generating MUR 133 million in FY24. The average selling price per arpent increased by 52% from 2021, reaching MUR 50 million. Total income was MUR 160 million in FY24. EBITDA stood at MUR 30 million (18.7% margin), slightly below FY22 due to higher staff cost recharges for construction workers involved in ongoing projects. Despite these sales, the company posted a net loss of MUR 56 million, maintaining a loss-making trend. By December 31, 2024, the gearing ratio increased to 1.52x (from 1.42x as on December 31, 2023), with cumulative losses further eroding tangible net worth.

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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.

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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