

Enatt Ltd ("Enatt")
08 July 2024

Ratings

Instrument/Facilities	Amount (Mur Million)	Rating ¹	Rating Action
Proposed Term Loan	550	CARE MAU A+; Stable	Assigned

Ratings Rationale

The rating assigned to the proposed term loan of Enatt Ltd ("Enatt") derives strength from the experienced & resourceful promoters – ENL group and Atterbury group, satisfactory track record of operations of Ascencia's malls, the experienced management team (Enatt) in handling the rental generating properties, diversified portfolio of rental generating properties located in prime location of the island with consistent footfalls, stable operation of all the malls with high occupancy levels (above 98% as at 30 September 2023), lease agreements with annual rental escalation clause and strong financial position of the reputed lessees. The rating further derives strength from the long-term contract of Enatt with Ascencia with multiple streams of revenue, Enatt's exclusivity in managing all 7 malls of Ascencia and the strong financial position (nil debt as on June 30, 2023) of Enatt.

The rating is, however, constrained by the concentration in the commercial retail sector, the risk of non-renewal of lease agreement by the tenants after the lock-in period, risk of non-renewal of contract by Ascencia, risk associated with new projects and the risk of competition from existing malls.

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

- Ability to renew contract with Ascencia prior to expiry date
- Ability of Ascencia to pass on escalation costs to its tenants
- Successful completion of the new projects within the envisaged cost and timelines

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

- Decline in operational and financial performance of Ascencia which will impact the revenue of Enatt
- Decline in occupancy level of Ascencia below 90%
- Substantial increase in debt level increasing gearing ratio over 2 times

BACKGROUND

Incorporated in July 2009 as a private company in Mauritius, **Enatt Ltd** "Enatt", is a leading property & asset development and management specialist. Enatt is a subsidiary company of ENL Property Limited (rated CARE MAU A; Stable) with 54.22% shareholdings. ENL Limited (rated CARE MAU A+; Stable) and Swan Life Ltd (rated CARE MAU AA+ (Is); Stable) hold 19.71% and 16.07% stake in Enatt respectively. The remaining 10% stake is held by FERPA (PTY) Ltd, a subsidiary company of Atterbury Group of South Africa.

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

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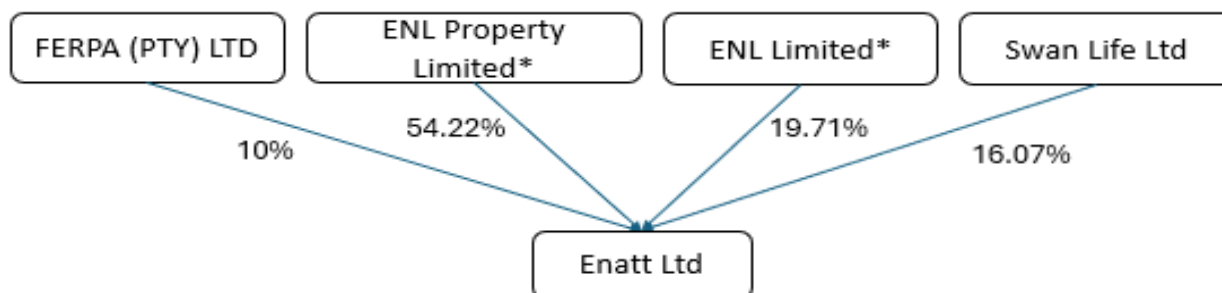
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The shareholding structure of Enatt Ltd is as follows:



****ENL Group has an indirect shareholding of 73.93% in Enatt.***

About Enatt Ltd

In Mauritius, Enatt manages all the immovable properties (7 shopping malls) of Ascencia Limited, a sister company (rated CARE MAU AA-; Stable), and concurrently maintains a close collaboration with over 400 tenants of the malls. Enatt is the exclusive management company of Ascencia Limited since 2014. It provides property, asset, development, and fund management services to Ascencia. In laymen terms, it is responsible for the development, extension, renovation, and maintenance of all the 7 malls under Ascencia. In March 2024, Enatt started to provide fund management services (previously rendered by Rogers & Co.), such as advisory on the acquisition, development, and disposal of assets of Ascencia following the transfer of the fund management agreement from Rogers & Company Limited. Ltd to Enatt. Enatt Ltd derives most of its revenue from Ascencia Limited through various streams and manage Rogers House in its portfolio. However, Enatt's financial performance and cashflow operations are merely correlated to the stable performance and occupancy level of Ascencia's malls.

Proposed development of new projects by Enatt with its partners

Enatt, in collaboration with its partners, is contemplating the prospect of investing in a new property development venture. The proposed project shall be jointly managed by Enatt and its partners. The execution of the forthcoming property development is scheduled for FY25.

Performance of Enatt in FY23

Enatt's revenue dropped by 5% in FY23 following a 45% fall in the letting commission revenue stream. However, EBITDA rose by 6.3% to MUR 85 million in FY23 due to effective cost containment. In FY23, PAT witnessed a drop of 33% y-o-y since a disposal gain on investment of MUR 41 million was realized in FY22. The company paid nil dividends in FY23. Enatt remained a debt-free company in FY23.

Performance of the Ascencia in FY23

In FY23, Ascencia achieved a total income of MUR 1,758 million (MUR 1,566 million in FY22) due to higher rental income following the 5% yearly escalation. EBITDA stood at MUR 1,070 million in FY23 (MUR 932 million in FY22) and PAT at MUR 1,061 million (MUR 1,005 million in FY22). Ascencia had a cash balance of MUR 85 million as at 30 June 2023 and paid a dividend of MUR 463 million in FY23.

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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.

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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