



## MEDIA RELEASE

December 16, 2021

### **CariCRIS downgrades its ratings for the TT \$400 million bond issue of Endeavour Holdings Limited**

Caribbean Information and Credit Rating Services Limited (CariCRIS) has lowered the assigned credit ratings by 1 notch to *CariA* (Local and Foreign Currency Ratings) on the regional rating scale and *ttA* (Local Currency Rating) on the Trinidad and Tobago (T&T) national scale to the Endeavour Holdings Limited (EHL or the Company) TT \$400 million bond issue. These ratings indicate that the level of creditworthiness of this debt obligation, adjudged in relation to other obligations in the Caribbean and within T&T is **good**.

The one-notch downgrade is driven by the challenging market conditions in T&T which resulted in the deterioration of EHL's occupancy levels and operating profits over the past 2 years. While the Company's debt servicing ratios declined for FY2021 and 2 of its 3 bond covenants that were not achieved were waived by its bondholders, all payments were made in accordance with its schedule.

The ratings are supported by EHL's good asset quality and diversified real estate portfolio which continues to underpin its strong competitive position in the T&T real estate market. The Company's adequate occupancy levels and tenant retention rate, albeit at a reduced level, as well as its stable financial performance and 'loss of rent' insurance which reduces the risk of lowered income from property damage, further support the ratings. These rating strengths are tempered by the challenging economic environment which could lead to a deterioration in EHL's financial performance and refinancing risk given the bond's structure.

CariCRIS has also maintained a **stable** outlook on the ratings. The stable outlook is based on our expectation that the major impact of the coronavirus (COVID-19) pandemic has passed and economic activity in T&T is expected to somewhat recover over the next 12-15 months as domestic lockdown measures are gradually lifted, and the COVID-19 vaccines are rolled out. These conditions are expected to support EHL's operations and financial performance, though we do not anticipate profitability to return to pre-COVID-19 levels. Notwithstanding this, we expect EHL to fully meet its debt obligations over the next 12 - 15 months underpinned by stable cash flows and high cash balances.

**Rating Sensitivity Factors:**

**Factors that could, individually or collectively, lead to an improvement in the ratings and/or Outlook include:**

- An improvement in the ratings of the Government of Trinidad and Tobago.
- Occupancy levels rising to above 95%.

**Factors that could, individually or collectively, lead to a lowering of the ratings and/or Outlook include:**

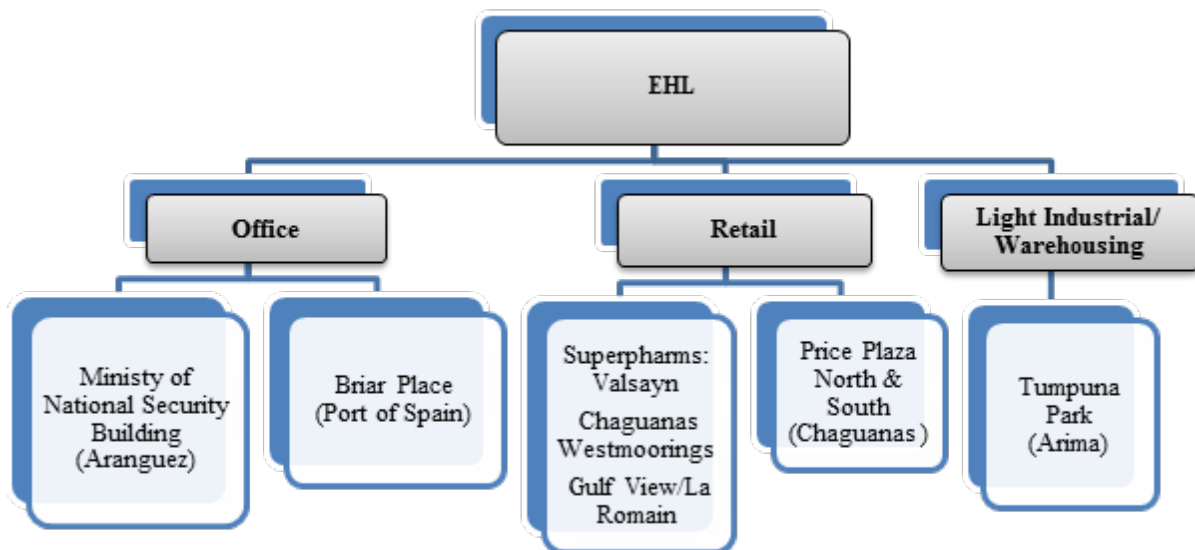
- A 10% decline in annual rental income.
- Occupancy levels declining to below 75%.
- The inability to refinance the bond/balloon payment at a rate below 7.5%.
- Trade receivables in days outstanding deteriorating to 95 days and over.

***About the company:***

Endeavour Holdings Limited (EHL or the Company) is a private commercial real estate holding company incorporated in Trinidad and Tobago (T&T) in 2001. Its majority shareholders, Endeavour ABRA Holdings Limited and Pelican Investment Limited, each owns 50%. As of December 12, 2019, EHL was listed on the Small and Medium Enterprises (SME) stock market of the Trinidad and Tobago Stock Exchange (TTSE).

EHL owns 9 commercial properties and caters to the office, retail, and light industrial/warehousing rental segments. Chart 1 below shows the locations of the various properties and their specific market segment.

Chart 1 -EHL's Properties by Market Segment and Location



Source: EHL

***For more information on EHL's ratings, please visit [www.caricris.com](http://www.caricris.com) or contact:***

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