



**Rating Action**

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**PACRA ASSIGNS RATING TO *SUKUK* OF EDEN DEVELOPERS (PVT.) LIMITED**

The Pakistan Credit Rating Agency (PACRA) has assigned ‘A-’ (Single A Minus) rating to the *Sukuk* of PKR 200mln by Eden Developers (Pvt.) Limited (EDPL). This rating denotes a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

The rating reflects EDPL’s established project implementation capability supplemented by strong supervisory controls developed over the years. Meanwhile, the rating recognizes the adequate structure of the *Sukuk*, which, inter-alia, includes charge over the land to be utilized for the development and construction of the company’s upcoming housing project to be developed in Eden City - a housing scheme of EDPL located close to Lahore International Airport - and the cash flows to be generated from the underlying project.

***About the Sukuk:*** The structure of the *Sukuk* of PKR 200mln is based on the *Diminishing Musharakah* arrangement. The instrument has a tenor of two years carrying profit based on 3 months KIBOR *plus* 300 bps to be paid on quarterly basis in arrears. The principal would be redeemed after a grace period of one year in four equal quarterly installments. The said instrument was issued to reprofile an existing term facility of EDPL. The *Sukuk* holders have charge over the land of the underlying housing project with 25% margin. In addition to this charge, *Sukuk* holders are assigned allocation of future receivables expected to be generated from the project. The said project, planned to be launched in Jun-08, is targeted to be completed in 2 years time after its launch. EDPL intends to sell all the units within around a year from the date of launch.

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