

Cyber Properties Investments Ltd (“CPIL”)

19 April 2023

Ratings

Facilities/Instruments	Amount (Mur Million)	Rating ¹	Rating Action
Bank Facility	350	CARE MAU A-; Stable (Single A Minus; Outlook Stable)	Assigned
Total	350		

Rating Rationale

The rating assigned to the Bank Facility of Cyber Properties Investments Ltd (CPIL), derives strength from the strong and experienced promoter, Landscape Mauritius Ltd, having a long track record in real estate development for over the past three decades, prime location of the properties with reputed and diversified tenants, high occupancy rate of both properties with established track record and good retention rate of the tenants, comfortable coverage ratios & Loan to Value of 12% and the steady demand for Grade A office properties.

The rating is constrained by the shorter tenure of lease tenure, renewal risk of the lease, proposed capex for the renovation project and risk of cost overrun, exposure to interest rate risk and risk of development of new office properties in Ebene.

Rating Sensitivities:

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

- Ability to maintain high occupancy ratio.
- Renewal of the existing the lease.
- Completion of renovation of the building without any cost overrun.

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

- Non- renewal of lease agreements and fall in occupancy rate below 75%.
- Additional debt taken by CPIL.

BACKGROUND

Incorporated in July 2002, Cyber Properties Investment Ltd is a subsidiary of Landscape (Mauritius) Ltd (LML), a public limited entity, which promotes development of properties in Mauritius. The other major shareholders of CPIL include National Pension Fund (NPF with 8.53% stake), State Insurance Company of Mauritius (SICOM with 5.33% stake), MCB Equity fund (MEF with 8% stake) and The State Investment Corporation Ltd (SICL with 5.33% stake). The principal activity of the entity primarily includes development and leasing of commercial properties.

CPIL owns two buildings located in Ebene namely Cyber Tower 1 (CT1), also known as Shri Atal Bihari Vajpayee Tower and Cyber Tower 2 (CT2). CT1 is a thirteen-storey building with gross leasable area of 30,012 square metres (sqm) and occupancy rate of 85% as of March 2023. The key tenants include corporates like Ceridian Mauritius Ltd, Accenture Services (Mauritius) Ltd, Air Mauritius Ltd and Blue Connect Ltd among others. CT2 consists of a leasehold commercial land and building. The building consists of eleven-storey with a gross leasable area of 13,024 sqm and an occupancy

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

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rate of 96% as of March 2023. Its main tenants include Orange Business Services Ltd, Batch Image Processing Indian Ocean Ltd, CityCall Ltd amongst others.

Management: Cyber Properties Investments Ltd is a professionally managed company and is governed by 1 executive director and 9 non-executive directors. The strategic affairs of the company are looked by the Chairperson, Mr. Preetam Boodhun and Mrs. Naila Kishani Hanoomanjee, the sole Executive Director. They are assisted by a team of qualified and experienced professionals for managing the day-to-day operations of the company.

Performance of CPIL: In FY22, there was a dip in revenue by 5% as some tenants reduced the space occupied due to the Covid-19 pandemic as the companies opted for work from home concept. EBITDA also witnessed a dip from MUR 131 million in FY21 compared to MUR 128 million in FY22. The debt level has fallen by 17% and gearing was relatively low at 0.05x as on June 30, 2022. The coverage indicators namely interest coverage ratio and Cash Coverage Ratio are comfortably over 10x. The LTV of CPIL post the debt drawdown is at 12%.

Disclaimer

CARE Ratings (Africa) Private Limited ("CRAF")'s ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CRAF's ratings do not convey suitability or price for the investor. CRAF's ratings do not constitute an audit on the rated entity. CRAF has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CRAF does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CRAF have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CRAF may also have other commercial transactions with the entity.

In case of partnership/proprietary concerns, the rating /outlook assigned by CRAF is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CRAF is not responsible for any errors and states that it has no financial liability whatsoever to the users of CRAF's rating. CRAF's ratings do not factor in any rating related clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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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. A suffix of '(SO)' may be added to the rating indicating that the instrument / facility is a "Structured Obligation".

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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